



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**BY
BELAY TESFAYE**

**THE EFFECT OF EMPLOYEE PERFORMANCE MANAGEMENT
PRACTICES ON EMPLOYEE PRODUCTIVITY:
THE CASE OF EAST AFRICA BOTTLING SHARE COMPANY**

**JULY 2023
ADDIS ABABA, ETHIOPIA**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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LIST OF ACRONYMS

| | |
|-------------------|---|
| CCBA: | Coca Cola Beverage Africa |
| EABSC: | East Africa Bottling Share Company |
| HRM : | Human Resource Management |
| PM : | Performance Planning |
| PMP: | Performance Management Practices |
| PMS : | Performance Management System |
| SPSS : | Statistical Package for the Social Sciences |
| Coca cola SABCO : | Coca-Cola South African Beverage Company |

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Abstract

This research aims at examining the impact of performance management systems on employee productivity at East Africa Bottling Share Company (EABSC). The study used a mixed methods approach with quantitative as well as qualitative research. Out of 1,378 employees working in plants located in Addis Ababa, 214 staff members were selected and primary data was collected through a questionnaire and analyzed using IBM SPSS statistics. The researcher used a simple random sampling technique to obtain a representative opinion from the population. Interview was also conducted with senior managerial staff. The study employs descriptive statistical measures, correlation, and regression analysis to assess the strength and significance of the relationships between independent variables and productivity. The results reveal a strong overall relationship where 84% of productivity variability at EABSC can be explained by these factors. The result of the regression analysis is found to be statistically significant, confirming that the observed relationships are not due to chance. The analysis indicates that prerequisites negatively impact productivity, while performance planning, employee input, ongoing feedback, performance evaluation, and performance review positively influence productivity. These findings have practical implications for management, emphasizing the importance of addressing performance-related factors to enhance productivity. The study acknowledges limitations and suggests further research to explore additional variables and gain a comprehensive understanding of productivity dynamics in the context of EABSC.

Key words: prerequisites of performance management, performance planning, employee input, ongoing feedback, performance evaluation, performance review and productivity

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Employee performance is crucial to an organization's success and performance management is fundamental to defining, measuring and stimulating employee performance. Its ultimate goal is improving organizational performance. This paper analyzes employee performance management practices (PMP) and the effects on organizational productivity. In doing so, it assesses performance management practices from strategic human resource management perspective.

The increased pressure of global competition has forced companies and authorities to put even greater emphasis on productivity improvements. Widespread discussions have resulted in multiple interpretations of the concept of productivity; despite the fact that the term is commonly used by both academics and practitioners, it is often confused or used interchangeably with similar terms such as profitability and performance (Tangen, 2005 cited in Pekuri & et al., 2011, p.40). There are many motives for using performance measures in a company but perhaps the most crucial one is that they will help to improve productivity when used properly. Productivity is of vital importance to a company's ability to compete and make profits over time. A company that is not able to efficiently utilize its resources in creating value for its customers will not survive in the competitive business environment of today (Tangen, 2004, p.1).

Every organization's success (accomplishment) is largely determined by the workforce it employs. Employees are the primary and unique resource that organizations use to achieve their objectives and goals. To gain a competitive advantage in today's highly competitive and rapidly changing work environment, organizations must acquire and retain the appropriate number of competent employees (Armstrong, 2009, as cited in Belachew, 2022, p.1). The trend in the business environment, as well as the pursuit of operational excellence and the need to improve employee performance, has led organizations to place a premium on performance management systems in order to boost employee productivity (Inyang 2008 as cited in Belachew, 2022, p.1).

An additional factor driving the need for performance management is an increasing requirement for specially skilled workers and equipment. The presence of more skilled workers may give the illusion that workers are more self-directed without requiring supervision, but their breadth of skill in no way removes the interdependencies that collectively lead to productive organizational performance. Managers must harness the power and genius of people who ultimately are behaving as individuals (Cokins, 2004, p.3).

Therefore, performance management has a significant impact on employees' regular performance, which ultimately leads to increased organizational effectiveness.

Coca-Cola was first bottled in Ethiopia's capital Addis Ababa in 1959 by the Ethiopian Bottling Share Company. East Africa Bottling Share Company (EABSC) is a subsidiary of Coca Cola Beverage Africa (CCBA). “Refresh the World. Make a Difference” is a Company mission. Creating a more sustainable business through commitment to meeting consumer’s trust and their expectations for refreshing, high quality, and safe products using sustainable business practice is central to The Company’s philosophies. The company is working hard to achieve its vision of becoming one of the world's best bottlers in terms of product quality and packaging standards.

Research has revealed that management of employee performance is one of the critical issues for creating sustainable business. The need to improve employee performance is vital in the beverage industry. Hence, this study aimed to investigate the relationship between performance management practices and employee productivity. And how could the existing performance management system influence employee productivity.

1.1.1. Company Background

Coca-Cola is an American enterprise that produces soft beverages and water. It was founded in 1886 in Atlanta, New York, after being designed by pharmacist John Stith in his laboratory by combining Coca-Cola syrup with sparkling water (Shaw, 2018). It is now the world's largest beverage company and the world’s largest distributor and producer of soft drink concentrates and syrups.

Coca-Cola was first bottled in Ethiopia's capital Addis Ababa in 1959 by the Ethiopian Bottling Share Company, which later opened a branch in Dire Dawa in 1965. The two plants were nationalized in 1975 and ran as public companies until 1996, when they were bought by private investors. Just prior to that, in 1995, the Coca-Cola South African Beverage Company (Coca-Cola SABCO) bought shares in the business and in 1999 signed a joint venture agreement with the plants. In 2001, Coca-Cola SABCO increased its shares to 61 percent and the company changed its name to the East African Bottling Share Company. EABSC continues to run the two plants in Addis Ababa and Dire Dawa (<https://www.africaoutlookmag.com> accessed 3/11/2022).

East Africa Bottling Share Company (EABSC), a subsidiary of Coca Cola Beverage Africa (CCBA), is the largest bottler of Coca-Cola products in Ethiopia. In addition to the existing three plants in Addis Ababa, Bahir Dar and Dire Dawa, EABSC's greenfield site in Sebeta, which was inaugurated in May 2022, is the largest Coca-Cola plant in Ethiopia (<https://www.ccbagroup.com> accessed 3/11/2022).

1.2. Statement of the Problem

East Africa Bottling Share Company operates in a dynamic business environment where employee productivity plays a crucial role in its success. Various studies conducted on this subject on EABSC indicate that despite having performance management systems in place, employees are not achieving the desired performance level (Hamid, 2017, p. 5). These studies identified the need to examine factors (prerequisites of performance management, performance planning, employee input, ongoing feedback, performance evaluation, and performance review) affecting employee productivity.

While previous research has explored the impact of factors such as performance management practices, reward systems, performance appraisal, and feedback on employee productivity, there is a need to investigate the influence of other factors and their relationship to productivity. Furthermore, the effect of prerequisites of performance management (knowledge of the organization's mission and strategic goals and knowledge of the job in question) for a successful performance management system and the significance of elements such as performance

planning, employee input, ongoing feedback, performance evaluation, and performance review on productivity remain unexplored. This study aims to fill these gaps by examining the factors affecting employee productivity and their relationship to performance management systems at EABSC.

1.3. Research Questions

The research provides answers to the following questions regarding the effect of performance management on employee productivity at EABSC in Addis Ababa.

1. How does employee performance management align with EABSC strategy?
2. What is the existing performance management practice of the Company?
3. What is the effect of performance management practice on employee productivity?
4. Which performance management system is a main factor that influences the effectiveness of performance management system in EABSC?

1.4. Objectives of the Study

1.4.1. General Objectives

The research seeks to assess whether existing performance management practices of EABSC affect employee productivity or not.

1.4.2. Specific Objectives

The study will be guided by the following research objectives:

1. To examine nature of linkage between EABSC's strategic direction and the required employee performance.
2. To examine the existing performance management practice of EABSC.
3. To assess the effect of performance management practices (prerequisites of performance management, performance planning, employee input, ongoing feedback, performance evaluation, and performance review) on employee productivity at EABSC.
4. To examine the key factor that influences the effectiveness of performance management system in the Company.

1.5. *Significance of the Study*

This study aims to address the lack of comprehensive understanding of the relationships between various factors and productivity at the company. By investigating multiple variables simultaneously, it fills the knowledge gap left by previous research that focused on individual factors.

The results of this study will be useful in the following way:

- The findings of this study will benefit to EABSC by providing information about the current level of employee Productivity related to the performance management practice and how the performance management system is critical to incorporate as a means of improving employee productivity
- The results will contribute to the development of a high-performance culture in an organization by delivering the message that how performance management is affect productivity.
- The results of this study will have greater input to the human resource professionals that will design and administer performance management.
- It will allow the company to identify existing gaps in order to develop an effective performance management system that is aligned with the company's strategy
- It will provide valuable insight to the company to development its performance management practice which enhances employee productivity.
- It will add value to the scholarly research and literature in the field by becoming reference to those who wish to replicate. Therefore, this study will provide empirical evidence on how performance management practice affects employee productivity.

Overall, the research provides valuable insights into the factors influencing productivity at EABSC and contributes to its informed decision-making, the development of effective strategies, and gaining a competitive advantage in the dynamic business environment. The findings of this study have the potential to improve the company's productivity levels and its overall success.

1.6. *Scope of the Study*

Performance management system focuses on organizational performance, team performance and individual performance. However, in this study attention is paid to individual employee performance by using prerequisite of performance management, performance planning, employee input, ongoing feedback, performance evaluation, and performance review as variables.

The study is limited to EABSC's Addis Ababa manufacturing plants. The company has branches around Addis Ababa and in other regions of the country. However, due to difficulties in reaching out and covering them all and the time and resources it would require, the research is limited to the plants located in Addis Ababa. This study was conducted between January 2023 and June 2023.

1.7. *Limitations of the Study*

As performance management system is very critical issue the chances of biasness in the response of respondents are very high and that might influence the findings of the study. The problem encountered during the study was some respondents were reluctant to fill out and return the questionnaire on time. And also during interview conducting time, there was challenge to get senior managerial staff because they were busy on their routine activities. Similarly some of interviewees were not willing to cooperate and share their ideas and provide the required information for the study. And also most of them gave frequent meeting and customer entertaining. Apart from this, lack of time, materials and other resources were serious constraints. However, through rigorous efforts all the necessary data were collected.

1.8. *Organization of the Study*

The study consists of five chapters. Chapter one introduces the background information for both the study and the company; the problem statement; the objective and significance of the study; research questions; and the study's limitations. Chapter two deals with the review of literature gathered from various sources. Chapter three focuses on research methodology and procedures, including sample size, sample description, research instruments, and methods of analysis.

Chapter four presents survey results and describes findings in detail, including responses and opinions from respondents. Chapter five summarizes major findings, conclusions, and recommendations based on analyses and discussions.

1.9. Definition of Terms

Performance refers to the outcomes, results, and accomplishments achieved by a person, group, or organization (Rothwell, Hohne & King, 2000, p.1).

Performance Management:- is a systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong's 2009, p 9).

Performance Management System:- is an ongoing process that includes setting and aligning goals, coaching and developing employees, providing informal and formal feedback to performance linked to recognition and rewards (Aguinis, 2009, xv).

Performance Evaluation:- is the activity used to determine the extent to which an employee performs work effectively (Ivancevich, 2010, p. 253).

Feedback:- is the provision of information to people on how they have performed in terms of results, events, critical incidents and significant behaviors (Armstrong, 2009, p.105).

Productivity:- is an overall measure of the ability to produce a good or service. More specifically, productivity is the measure of how specified resources are managed to accomplish timely objectives as stated in terms of quantity and quality (Helms, 2021, p.700).

Performance pre-requisites:- Prerequisites of performance management (knowledge of the organization's mission and strategic goals and knowledge of the job in question) are required before a performance management system is implemented (Aguinis, 2013, p. 45).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The primary purpose of this chapter is to present the concept and theoretical understanding in assessing performance management practice and its relationship with employee productivity. Much of the current management literature, in manufacturing and other service industries, focuses on employee performance management and employee productivity that can be described under the umbrella term performance management and human resource management.

2.1. Theoretical Literature

A performance management practice is central to productivity. The relationship between performance management and productivity has been the central topic of various scholars.

Historically, performance management referred to individual employees and was used by personnel and human resources function. Today, it is widely accepted as enterprise-wide performance management of an organization as a whole. Clearly, the performance of employees is an important element in improving an organization's performance (Cokins, 2015, p.1).

Performance management provides explicit linkage between strategic, operational, and financial objectives. It communicates these linkages to managers and employee teams in a way they can comprehend, thereby empowering employees to act rather than cautiously hesitate or wait for instructions from their managers (Cokins, 2004, p.3). Performance management concepts of this kind are thought to be developed from performance appraisal and took its shape in the 1970s. As the notion of strategic human resource management (SHRM) was gradually established during the 1990s, performance management was accordingly linked to the attainment of strategic goal (Yanan 2012, p652).

According to Buchner, (2007 as cited in Ying, 2004, p.652) it is widely agreed and desirable to maintain a close link between management theory and practice. On the one hand, a

demonstration of the link at some stage in the research process lies at the heart of how management research might be thought of as maintaining its relevance. On the other hand, a thorough understanding of the link between theory and practice would help managers be more effective in their management efforts.

2.1.1. The Concept and Definition of Performance Management

Typically, the concepts and definition of performance management involves considerable complexity and subjectivity. An understanding of performance management system and how it might be managed is of significant importance for managers because of helps to boost employee engagement and productivity. The real concept of performance management is linked with an approach to creating a shared vision of the purposes and objectives of the organization, developing the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization.

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. Performance management (PM) is the process of managing the execution of an organization's strategy. It is how plans are translated into results (Armstrong, 2021, p.1). To think of performance management as an umbrella concept that integrates familiar business improvement methodologies with technology. From a strategic and competitive advantage perspective, it is important to integrate employee performance with organizational performance goals (Cockins, 2004, p.1).

A strategy-focused organization enables targeted feedback on strategic performance to specific employee teams, in order to effect continual strategy implementation (Cokins, 2004, p.23). Most experts believe that a firm's strategy must be aligned with employees' competencies and performance if profitability, growth, effectiveness, and valuation are to be achieved (Ivancevich, 2010, p. 253). Performance management is strategic in the sense that it is concerned with the

broader issues facing a business if that business is to function effectively in its environment, and with the general direction in which the business intends to go to achieve its longer-term goals (Armstrong, 2006, pp.1-2).

Performance management is a system by which an organization evaluates and develops its employee's skills, behaviour and individual employee performance in order to improve organizational performance in this competitive World (Mustafa, 2013, p.4). As such, supervisors and managers are responsible for managing the performance of their employees, and an organization's policy should specify how the performance management system will be carried out (Ying, 2004, p.4).

According to Cokins (2015, p.3), a simple definition of performance management is “the translation of plans into results execution.” It is the process of managing an organization's strategy. For commercial companies, strategy can be reduced to three major choices:-

1. What products or service lines should we/should we not offer? (p.3)
2. What markets and types of customers should we/should we not serve? (p.3)
3. How are we going to win - and keep winning? (p.3)

Although performance management provides insights to improve all three choices, its power is in achieving choice #3 - winning by continuously adjusting and successfully executing strategies. Performance management does this by helping managers to sense earlier and responds more quickly and effectively to uncertain changes (Cokins, 2015, p.3). Performance management is the process by which executives, managers, and supervisors work to align employee performance with the firm's goals (Ivancevic 2010, p. 251).

Accordingly, performance management is strategic and an integrated approach to constructing and sustaining improved employee performance, bringing to sustained success to organizations. It creates a direct link between employee performance and organizational goals and involves that managers ensure that aligning performance with the organization's strategic plan to gain competitive advantage. Moreover, performance management is a continuous or ongoing process that managers use to set goals and objectives, and develop employee performance. It is also a system that enables leaders continuously monitor and evaluate the performance of employee.

2.1.2. Performance Management Practice

Performance Management involves aligning HRM practices so that employee performance and development are enhanced, with the aim of maximizing organizational performance (Hartog, Boselie & Paauwe, 2004, p.13). Most performance management practices (e.g. performance appraisal, feedback, training, coaching, information sharing) are facilitated and implemented by direct supervisors or front-line managers. Therefore, the behavior of line-managers will mediate the effect of (most) practices on employee perception and behavior (Hartog et al., 2004, p.12). Performance management practices are systematic ways of communicating to employees on what performance and productivity parameters are expected of them (Marsor, 2011, as cited in Dixit & Sharma, 2021, p. 3318).

Performance management can contribute to the development of a high-performance culture in an organization by delivering the message that high performance is important. The management of organizational performance is the continuing responsibility of top management who, with the help and advice of Human Resource, plan, organize, monitor and control activities and provide leadership to achieve strategic objectives and satisfy the needs and requirements of stakeholders (Armstrong, 2014, P.62). What people do is an area that managers can influence to their benefit and to the benefit of their subordinates. However, most organizations have not yet totally explored the development of effective human resource systems in a systematic manner (Wexley 1981, p.3).

Performance management has come to signify more than a list of singular practices aimed to measure and adapt employee performance. Rather, it is seen as an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance, with the ultimate aim to positively affect organizational success (Hartog, et al., 2004, p.2).

Performance management is all about converting formulated strategies into execution, outcomes, and results. Executive managers may appear to be in charge, but they are finding that their direct control of employee performance is decreasing. This is why everyone needs to understand what defines achievement, how their work and decisions contribute toward it, and what is required to

accomplish it (Cokins, 2004, p.17). Organizations are concerned with long term survival and sustainable solutions can be achieved through best employees who are committed to achieve the desired goals. Thus, HR practices which involve encouragement of employees to give their best and perform in teamwork with determination and motivation can result in the key factor of productive transformation of limited inputs to high quality outputs (Dixit & Sharma, 2021, p. 3319).

2.1.3. Concepts of Productivity

Almost in all institution, productivity management is an enormous challenge to systems of government, specifically when the item for consumption is in the form of a service. This shows that employee productivity is a vital component of organizational profitability and success (Mwasawa & Wainaina, 2021, p.20).

The increased pressure of global competition has forced companies and authorities to put even greater emphasis on productivity improvements. Widespread discussions have resulted in multiple interpretations of the concept of productivity; despite the fact that the term is commonly used by both academics and practitioners, it is often confused or used interchangeably with similar terms such as profitability and performance (Tangen, 2005, as cited in Pekuri, 2011, 40).

Employee productivity can be basically understood as the associated undertakings anticipated of a worker and how well these undertakings are being performed. The productivity of most organizations is a function of at least three variables that are managed namely: technological, capital, and human resources. Many organizations have been leaders in realizing dollar opportunities from technological development and capital investment. Many of these same companies, however, have failed to maximize productivity by failing to take full advantage of the abilities of their people (Wexley, 1981, p.2). Most managers do not know what productivity really means, how vital it is to success or how it can be measured, analyzed or improved (Bernolak, 1997; Stainer, 1997, as cited in Pekuri, 2011, 40).

Productivity is an overall measure of the ability to produce a good or service. More specifically, productivity is the measure of how specified resources are managed to accomplish timely objectives as stated in terms of quantity and quality (Helms 2021, p:700). Productivity may be

evaluated in terms of the output of an employee in a specific period of time. Typically, the productivity of a given worker will be assessed relative to an average out for employees doing similar work. It can also be assessed according to the amount of units of a product or service that an employee handles in a defined time frame (Piana, 2001 as cited in Hanaysha, 2016, p.62). Here, the output can be any outcome of the process, whether a product or service, while input factors consist of any human and physical resources used in a process (Pekuri, Haapasalo, & Herrala, 2011,p .41).

Productivity improvement refers to an increase in the ratio of produced goods or services in relation to resources used (Pekuri, Haapasalo, & Herrala, 2011,p .41). Then again, productivity has been regarded as optimal utilization of resources and effectiveness in accomplishment of targets, goals, or levels of performance (Heutel, 2012 as cited in Prakasha, Jha, Prasad & Singh, 2017,p.79). Persistently productivity is meant for efficiency and effectiveness of the operation (Karlaftis, 2004 Prakasha, & et.al, 2017, p.79). Productivity can be evaluated in terms of efficiency and effectiveness, optimal utilization of resources and effectiveness in accomplishment of targets, goals, in terms of quantity and quality, in terms of the output of an employee in a specific period of time and also based on the amount of time that an employee is physically attend at his/ her job.

Productivity can be evaluated in terms of the time spent by an employee actively executing the job he or she was hired to do, in order to produce the desired outcomes expected from an employee's job description.(Ferreira & Du Plessis (2009) as cited in Hanaysha, 2016, pp.62-63). The influence of an individual employee on productivity in most jobs is difficult to measure in traditional accounting terms. The influence of an organizatin's human resources on productivity, however, can be measured in terms of what people do on the job. What people do can be appraised in terms of traditional measures such as attendance, accidents, turnover, and grievances. Also, what people do can be measured directly in terms of observations by managers, peers, and subordinates as to the frequency with which employees do those things that are critical to job success (Wexley, 1981, p.2).

2.1.4. Purpose of Performance Management (PM)

One of the most fundamental purposes of performance management is to align individual and organizational objectives. This means that every- thing people do at work leads to outcomes that further the achievement of organizational goals. Employee productivity stresses to translate business strategy into business results. Thus, integrated set of performance management practices is central to employee productivity.

The purposes for a given performance management system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems (Pulakos, 2004, p.3). The fundamental purpose of performance management is to get better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements (Armstrong, 2007, p.392). Performance management informs an organization about where it is located, which direction it is going, which direction it should be headed, and what it will require to get there (Cokins, 2004, p26). Performance management refers to the range of activities engaged in by an organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness (Hartog, Boselie & Paauwe, 2004, p.3).

According to Pulakos (2004, p.3), when a performance management system is used for decision-making, the appraisal information is used as a basis for pay increases, promotions, transfers, assignments, reductions in force or other administrative HR actions. When a performance management system is used for development, the appraisal information is used to guide the training, job experiences, mentoring and other developmental activities that employees will engage in to develop their capabilities.

Performance management can also make a major contribution to the motivation of people by providing the foundation upon which many non-financial motivation approaches can be built. Essentially, performance management is concerned with the encouragement of productive

discretionary behavior (Armstrong 2007, p.392). Performance management involves people knowing that all members of their organization are focusing, communicating, and collaborating on strategy from a single vantage point (Cokins, 2004, p.23). Communicating the intent of strategic objectives is as important to achieving their success as is tracking the performance indicators. Educating the entire organization on the full meaning of each strategic objective, therefore, allows an individual to internalize the strategic objectives and adopt as his or her own the high-level strategy formulated by the executive managers (Cokins, 2004, p. 69). It aids in everyone's understanding of how one performance measure affects another. It also involves digging deeper to see causal relationships and manage work activities across the entire enterprise so that everyone is on the same page (Cokins, 2004, p.23).

The information collected by a performance management system is most frequently used for salary administration, performance feedback, and the identification of employee strengths and weaknesses. In general, however, performance management systems can serve the following six purposes: strategic, administrative, informational, developmental, organizational maintenance and documentation purposes (Aguinis 2013, p.15).

In general, the overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization.

2.1.5. Importance of Performance Management

Top management is likely to ask, "Why is performance management important?" One answer to this question is that performance management is the primary tool that will allow top management to carry out its vision (Aguinis 2013, p.79). Performance management provides managers and employees clear direction and the computational horse power to measure and weigh the tradeoff decisions to always point to the highest value creation (Cokin 2015, p.20).

Amaratunga and Baldry (2002, p.217) distinguish that performance management provides organizations the opportunity to refine and improve their development activities. Performance management programmes provide feedback based on specifics rather than generalizations and

are based on specific objectives derived from the desired outcome of performance measurement results.

The performance management system, when aligned with organization and unit priorities, is a critical tool to allow all employees to understand where the organization stands and where it needs to go and provide tools to employees (e.g., motivation, developmental resources) so that their behaviors and results will help the organization get there (Aguinis 2013, p.79). Fundamentally, the implementation of any performance management system requires that the “What is in it for me?” question be answered convincingly. In the case of top management, the answer to the “What is in it for me?” question is that performance management can serve as a primary tool to realize its vision (Aguinis 2013, p.79).

The importance of the process of performance management develops participation, awareness, a decentralized decision-making process, and responsibility for achieving the goals which have been formulated. As a consequence, there must be a goal-achievement analysis, in which the organization draws conclusions about what it is doing well, what it is not doing so well and what can be improved (Amaratunga & Baldry 2002, p.222). All participants in the system need to understand the role they play and receive a clear answer to the “What’s in it for me?” question. Communication about the system is key. This includes a clear description of the system’s mechanics (e.g., when the performance planning meetings will take place, how to handle disagreements between supervisor and employees) and the system’s consequences e.g., relationship between performance evaluation and rewards (Aguinis, 2013, p.79).

Armstrong (2007, p.392) stated that performance management is a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management. Performance management enhances broad cross-functional involvement in decision making and calculated risk taking by providing tremendously greater visibility with accurate, reliable, and relevant information all aimed at executing an organization’s strategy (Cokins, 2004, p.86). An effective performance management process has a precise definition of excellent performance, uses measurements of

performance, and provides feedback to employees about their performance. Thus, it defines, measures, monitors, and gives feedback (Ivancevic 2010, p. 251).

2.1.6. Performance management system

Performance management is a system by which an organization evaluates and develops its employee's skills, behaviour and individual employee performance in order to improve organizational performance in this competitive World (Armstrong, 2006, p.4). Public and private organisations are gradually moving towards the adoption of performance management system as it provides an integrated and coherent range of human resources processes which can be supportive in terms of contributing to the overall improvement of organizational and individual performance (Jugmohun 2018, p.51). Performance management systems can be grouped into two distinct categories. The first are those that focus on self-evaluation and the second category is those designed to help managers measure and improve business processes. A mixed performance management model is concerned with both inputs and outputs. The selection of the best model to improve performance is based on a self-assessment process (Curpanaru 2021, p.1).

In different literature there are various models of performance management system. Each model has its importance as a system for managing organizational performance, managing employee performance and for integrating the management of organizational and employee performance. Such models have stressed its importance as a system for managing organizational performance, managing employee performance, or for integrating the management of organizational and employee performance (Hartog, Boselie & Paauwe 2004, p.3).

According to Pulakos (2004, p.3) there is no one type of system or set of objectives that is best suited for all organizations. The purposes for a given performance management system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems. Effective performance management systems have a well-articulated process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees.

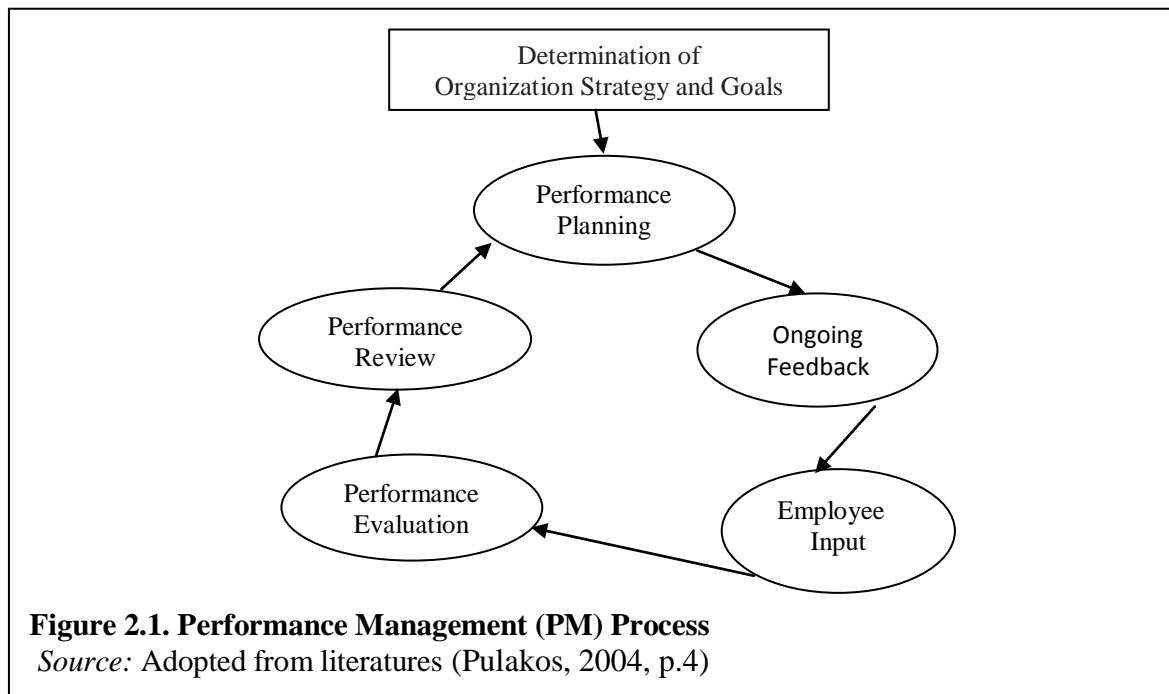
2.1.7. Performance Management (PM) Process

Performance management is a process for ensuring employees focus on their work in ways that contribute to achieving the organization's mission is indispensable for a business organization (Ying, 2004, p.4). The PM process is all about formulating strategy and then executing it by aligning resources and their focused behavior on the execution (Cokins, 20004, p.39). The process of performance management develops participation, awareness, a decentralized decision-making process, and responsibility for achieving the goals which have been formulated. As a consequence, there must be a goal-achievement analysis, in which the organization draws conclusions about what it is doing well, what it is not doing so well, and what can be improved (Amaratunga & Baldry, 2002, p. 222).

Performance management should be regarded as a flexible process, not as a 'system'. The use of the term 'system' implies a rigid, standardized and bureaucratic approach that is inconsistent with the concept of performance management as a flexible and evolutionary, albeit coherent, process that is applied by managers working with their teams in accordance with the circumstances in which they operate. As such, it involves managers and those whom they manage acting as partners, but within a framework that sets out how they can best work together (Armistrong 2006, p. 503). Clearly, the process of performance management involves managing employee efforts based on measured performance outcomes. Thus, determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective Performance Management process (Hartog, Boselie & Paauwe, 2004, p.3).

Aguinis (2020, p.15), classified the components of a performance management process into five phases: prerequisites, performance planning, performance execution, performance assessment and performance review. Schneier, Beatty & Baird (1987, p. 8) proposed a five-step cycle: plan, manage, review, reward and development. Pulakos (2004, p. 4) developed the mixed model which stressed on performance planning, Ongoing feedback, employee input, performance evaluation and performance review.

Pulakos (2004, p. 4) states that based on examination of performance management processes in several literature and organizations, most contain some variation of the process shown below.



In view of the above considerations, the process of performance management used in this study is Aguinis Prerequisites and Pulakos 5th categories of typical performance management process. All steps are equally important, and together form the backbone of a company's performance management process.

2.1.7.1. Prerequisites of Performance Management

According to Aguinis (2013, p. 45), the first component of the performance management process involves two prerequisites. First, there is a need to have good knowledge of the organization's mission. This prerequisite is present regardless of whether there is an emphasis on team performance. This knowledge, combined with knowledge regarding the mission of the team's unit, allows employees to make contributions that will have a positive impact on the unit and organization as a whole. Second, there is a need to have good knowledge of the job in question. In the case of individual jobs, a job analysis is conducted to determine the key components of a particular job: that tasks need to be done, how they are to be done, and what knowledge, skills,

and abilities (KSAs) are needed to do them. Similarly, if we have good information about what a team is supposed to do and how, then it is easier to establish criteria for team success (Aguinis 2013, p. 45).

➤ **Strategic planning**

The first prerequisite is strategic planning, which allows an organization to define its purpose and reasons for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals. Once the goals for the entire organization are established, similar goals cascade downward (Aguinis 2020, p. 15).

If there is a lack of clarity regarding where the organization wants to go, or the relationship between the organization's mission and strategies and each of its unit's mission and strategies is not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there. An organization's mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose or reason for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals. Once the goals for the entire organization have been established, similar goals cascade downward, with departments setting objectives to support the organization's overall mission and objectives. The cascading continues downward until each employee has a set of goals compatible with those of his or her unit and the organization (Aguinis 2009, pp. 12-13).

➤ **Work analysis**

The second important prerequisite before a performance management system is implemented is to understand the job in question. This is done through what is called a work analysis: a process for determining the key components of a particular job, including activities, tasks, products, services, and processes. A work analysis is a fundamental prerequisite of any performance management system because without a work analysis, it is difficult to understand what constitutes the required duties for a particular position. If you don't know what an employee is supposed to do on the job, you will not know what needs to be evaluated and how to do so (Aguinis 2020, p. 15).

2.1.7.2. Performance Planning

The first stage of performance management system is developing and planning. In this stage, a business needs to set up mission and objectives, and then clarify the individual responsibility and duty. A mission is an organization's character, identity, and reason for existence. It can be divided into four inter-relating parts: purpose, strategy, behavior standards and values. Purpose addresses why an organization is in being; strategy considers the nature of the business (Ying, 2004, p.18).

Pulakos (2004) also indicates that at the beginning of the performance management cycle, it is important to review with employees their performance expectations, including both the behaviors employees are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle (P. 4). The performance planning part of the performance management sequence involves agreement between the manager and the individual on what the latter needs to do to achieve objectives, raise standards, improve performance and develop the required competencies. It also establishes priorities – the key aspects of the job to which attention have to be given. The aim is to ensure that the meaning of the objectives, performance standards and competencies as they apply to everyday work is understood. They are the basis for converting aims into action (Armstrong 2005, p. 505).

Employees should have a thorough knowledge of the performance management system. In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss and agree upon what needs to be done and how it should be done. This performance planning discussion includes a consideration of results and behaviors as well as a development plan (Aguinis 2013, P. 46). Behavioral and results expectations should be tied to the organization's strategic direction and corporate objectives. In fact, if developed and implemented properly, performance management systems drive employees to engage in behaviors and achieve results that facilitate meeting organizational objectives (Pulakos 2004, P. 5). The most important thing to do as part of any effort to manage performance is to draw a distinction between behavior and

performance. Behavior refers to the activity of the performer; performance refers to the effects or outcomes of that activity (Nickols 2013, p. 8).

➤ **Results**

Results refer to what needs to be done or the outcomes an employee must produce. A consideration of results needs to include the key accountabilities, or broad areas of a job for which the employee is responsible for producing results (Aguinis 2013, P. 47).

According to Jugmohun (2018, p. 58), there are four instrumental dimensions, namely accountability, management style, action orientation and communication. Accountability by top management can be ensured by minimizing the elements of subjectivity and bias from the performance management system results generated. Management should seek a change in management style to explicitly steer on results while simultaneously giving support to help employees in obtaining the expected results.

➤ **Behaviors**

Employee behaviour constitutes a crucial factor that should be given due attention while considering an eventual adoption of a performance management system (Jugmohun 2018, p.58). Performance of individual employees can be defined as their work-related behaviors. Their behaviors or actions represent their contribution to their organization. Their behaviors result in outputs and outcomes, which may, however, also be influenced by other factors depending on the function (Achime 2009, p.170).

Although it is important to measure results, an exclusive emphasis on results can give a skewed or incomplete picture of employee performance. For example, for some jobs it may be difficult to establish precise objectives and standards. For other jobs, employees may have control over how they do their jobs but not over the results of their behaviors (Aguinis 2013, P. 47).

➤ **Development plan**

An important step before the review cycle begins is for the supervisor and employee to agree on a development plan. At a minimum, this plan should include identifying areas that need

improvement and setting goals to be achieved in each area. Development plans usually include both results and behaviors (Aguinis 2013, P. 47).

2.1.7.3. Performance Ongoing feedback

One of the most important conditions for enhancing employee productivity is to provide clear, performance based feedback to employees (Caroll & Schneier, 2002 as cited in Odhiambo, 2015, p. 22). Clear goals are necessary but not sufficient for motivating employees. The right kind of feedback on performance is equally important. This feedback can come from different sources: from managers, colleagues, and service recipients and also from the employee's own assessment of the work performed in comparison to such benchmarks as past performance, the performance of others, work plans, or professional standards (Condrey, 2005, p.484).

During the performance planning process, both behavioral and results expectations should be set. Performance in both of these areas should be discussed and feedback provided on an ongoing basis throughout the rating period. In addition to providing feedback whenever exceptional or ineffective performance is observed, providing periodic feedback about day-to-day accomplishments and contributions is also very valuable. Unfortunately, this does not happen to the extent that it should in organizations because many managers are not skilled in providing feedback. In fact, managers frequently avoid providing feedback because they do not know how to deliver it productively in ways that will minimize employee defensiveness (Pulakos 2004, P.5)

Employers who provide feedback and areas for improvement can help employees develop and learn new skills that can be useful in their career development. This can also increase staff retention and employee satisfaction. If done well, performance management can have many benefits for both the organization and employees. Done badly it can lead to disputes, conflict reduced, staff morale, legal issues and high staff turnover (Fiber HR p. 3).

Reinforcement and punishment are two forms of feedback. Positive feedback is considered as positive reinforcement which involves giving employee information which he/she can take advantage of. It is a means of getting information on modifying earlier set goals to new goal which are realistic, measurable and developing work plans which will guide them in attaining

their newly set goals. Goal achievement improves on the motivation level of an employee as well as efficiency levels. On the other hand, negative feedback is considered as punishment, criticisms form a better part of it which can disappoint and demoralize the learner. This kind of feedback should be kept at bay and only applied when it is necessary and if it proves to be only way to enhance performance (Yamoah (2014) as cited in Mwasawa & Wainaina, 2021, p. 24).

2.1.7.4. Employee input

Employee input has been used effectively in many organizations. It sometimes takes the form of asking employees to provide self-ratings on performance standards, which are then compared with the manager's ratings and discussed (Pulakos 2004, P. 5). A performance standard definition takes the form of a statement that performance will be up to standard if a desirable, specified and observable result happens. It should preferably be quantified in terms, for example, of level of service or speed of response. Where this is not possible, a more qualitative approach may have to be adopted, in which case the standard of performance definition would in effect state (Armstrong, 1994, p.99). However, experienced practitioners have found that this type of process and discussion can lead to increased defensiveness, disagreements and bad feelings between employees and managers, if managers ultimately rate employees less effectively than they have rated themselves. An alternative way of collecting employee input is to ask employees to prepare statements of their key results or most meritorious accomplishments at the end of the rating period (Pulakos 2004, P. 5)

Employee input has a number of positive results. First, it involves employees in the process, enhancing ownership and acceptance. Second, it reminds managers about the results employees have delivered and how they were achieved. Third, employee-generated accomplishments can be included in the formal appraisal, decreasing managers' writing requirements. Fourth, employee input increases communication and understanding (Pulakos 2004, P. 8).

2.1.7.5. Performance Appraisals (evaluation)

It is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences. Performance appraisal can be defined as the

formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast, performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges, and focuses on the future (Armistrong 2006, p.500).

Appraisal of employee's performance has a direct impact on organizational productivity. A person's skills and knowledge has to be appraised and coached so that his or her job productivity improves, leading to the achievement of organizational objectives (Cunneen, 2006, cited in Hamid 2017, p. 14).

Aguinis (2013, p: 311) stated that this is the formal documentation of the performance results for the year. Evaluation and development link individual performance expectations (established at the beginning of the year) with department, entity, and broad organizational goals. This part of the performance process includes the following:

- Assigning overall performance rating. Fifty percent of the rating is based on job results, and 50% is based on behaviors.
- Conducting the formal performance review. The formal meeting gives the employee time to discuss past performance and areas for continued growth.
- Performance rating standards. These ratings are the following: Below Expectations (significant improvement is needed), Achieved Expectations (consistently demonstrated expected and effective behaviors), and Exceeded Expectations (consistently demonstrated role model behaviors and exceeded expected job results).

2.1.7.6. Performance Review

Although performance management is a continuous process it is still necessary to have a formal review once or twice yearly. This provides a focal point for the consideration of key performance and development issues. This performance review meeting is the means through which the five primary performance management elements of agreement, measurement, feedback, positive reinforcement and dialogue can be put to good use (Armistrong 2006, p.509).

The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance (Aguinis 2013, p.50). Managers and employees usually review and discuss the accomplishments before they become part of the appraisal, resulting in fewer disconnects between the manager's and the employee's views of the employee's contributions. Finally, employee accomplishments can be retained and used as input for pay or promotion decisions (Pulakos 2004, p. 9).

In most cases, the appraisal meeting is regarded as a review of the past, that is, what was done (results) and how it was done (behaviors). The appraisal meeting should also include a discussion of the employee's developmental progress as well as plans for the future. The conversation should include a discussion of goals and development plans that the employee will be expected to achieve over the period before the next formal review session. In addition, a good appraisal meeting includes information on what new compensation and rewards, if any, the employee could receive as a result of her performance (Aguinis 2020, p.26).

In some organizations, pay, promotion decisions and other administrative actions are also discussed during the performance review session. In others, separate meetings are held to discuss administrative actions. The rationale for not discussing rewards or other outcomes during this session is to enable a more open discussion about employee development needs. As a practical matter, however, it can be difficult to schedule multiple performance management meetings between managers and employees to discuss different aspects of the process e.g., evaluations, development and rewards (Pulakos 2004, p. 21).

Clearly, the process of Performance Management involves managing employee efforts based on measured performance outcomes. Thus, determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective Performance Management process (Hartog, Boselie & Paauwe 2004, p.3). Individuals should be encouraged to assess their own performance and become active agents for change in improving their results. Managers should be encouraged to adopt their proper enabling role: coaching and providing support and guidance (Armstrong 2006, p.509).

2.1.8. Performance Management Theories

Performance management is expected to develop employee performance by creating a performance culture in which the attainment of high performance is habits customs, and beliefs. Consequently understanding of the theoretical foundations of performance management could help to create and maintain a productive work environment.

With regard to performance management, the lack of a reasonable understanding of the theoretical underpinnings of performance management may not only contribute to the rote application of performance management processes, but also made it hard for managers to benefit from relevant theories (Buchner, (2007) as cited in Ying 2004, p.652). Several theories of human behavior help us understand and predict behaviors that contribute to performance at work, as well as clarify the motivation to transfer factor in Holton's model. They include the theories of expectancy, equity, and goal setting (Kenny 2019, p. 3). Performance management theories can also help managers to understand their role in creating a good working environment for their employees. This is because they provide further guidance on how they can better support employee needs. Performance management theories generally create incentives and set goals that employee from all levels of the organization to which they can aspire (Indeed Editorial Team, 2022, p.2).

Yanyan (2012, p. 652) states that a review of the literature shows that two clusters of theories was considered underlying performance management: the first cluster consists of system theory, cybernetics, information theory and management control theory. It is argued that the essence of performance management system is to control performance through the acquisition and application of performance information. So performance management system is in its nature a management control system. Therefore, management control theory constitutes the theoretical basis of performance management practice. The second cluster consists of some established organizational behavior theories such as goal setting theory, work motivation theories and so on.

According to Indeed Editorial Team (2022, p.1) there are several different theories about performance management though the application of each tends to vary according to the types of workplace and the needs of its employees. The main aim of a performance management theory is to boost employee production via motivation and development.

Dewettinck & Dijk (2009, p.7), states that the relationship between PM practices and performance improvement is qualified by three motivational theories. Expectancy theory provides the more general framework, goal setting theory clarifies how the results-to-evaluations connection can be optimized, and control theory explicates how the action-to-results connection can be optimized.

While the above discussions provide the necessary background and details, the concepts and theories used in this study are those that appear most frequently in the literature and in business principles texts. The list is not meant to be exhaustive but representative of some of the Western conceptualization of human resource management practices. The theories of interest in this study are some of management control theories and some of organizational behavior theories such as goal setting and work motivational theories.

2.1.8.1. Management Control theory

Management control describes the means by which the actions of individuals or groups within an organization are constrained to perform certain actions while avoiding other actions in an effort to achieve organizational goals (Helms 2021, p.490).

Management is goal-directed actions. So is Strategic performance management. In order to ensure the attainment of an organization's strategic goal, strategic performance management can gain insights from the philosophy of cybernetics or control theory (Yanyan 2021, p. 654). Control is always against some standard, a reference, a goal. Our goals or reference conditions are compared with our perceptions of those things to which our goals or reference conditions apply. In the workplace, a goal or reference condition (i.e., some aspect of our world that we are attempting to control) might relate to cost and our goal or reference condition might be to reduce cost by some percentage. (Nickols 2013, p.1.)

Control theory focuses attention on feedback as a means of shaping behaviour. As people receive feedback on their behaviour they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome it. Feedback is recognized as a crucial part of performance management processes (Armstrong 2009, p. 29). Based on control theory, PM systems through which employees receive continuous feedback are expected to lead to superior performance as opposed to PM systems that for example provide employees with feedback only by their supervisor through an annual performance review (Dewettinck & Dijk (2009, p.7).

To manage performance requires that managers focus on supporting the performer's pursuit of the desired results instead of simply trying to control the performer's behavior. People, after all, are living control systems and their behavior is the chief means by which they attain all the goals they seek, not just those that define the performance for which they are responsible (Nickols, 2013, p. 8). Moreover, based on control theory, it deems preferable for employees to be empowered in such a way that they themselves are capable of assessing the level of discrepancy between results and result standards and of what adjustments are needed to resolve those discrepancies. Rather than providing information on the congruence between results and result standards, the main purpose of supervisory feedback from a control theory perspective is enabling individuals to self-regulate their actions according to the result standards (Dewettinck & Dijk (2009, p.7).

2.1.8.2. Goal Setting Theory

The goal-setting theory is a performance management theory that involves identifying specific goals and objectives for employees before setting up a system that tracks their progress towards those goals. Such goals are usually quantitative so the employee can understand exactly how they've progressed towards achieving them so far (Indeed Editorial Team, 2022, p. 3). Empirical research supports the proposition that goals that are both specific and challenging are more motivational than vague goals or goals that are relatively easy to achieve (Helms 2021, pp. 565-566). Goal specificity stimulates people to prioritize and focus, while goal difficulty forces people to exploit their knowledge and abilities to the maximum and stimulates them to

consciously perform on the task at hand (Buchner 2007) as cited in (Dewettinck & Dijk, 2009, p.6).

In goal-setting theory, individuals begin to be motivated when they have clear goals, when achieving the goals presents a challenge but is not hard enough to discourage an effort, when what should be done to achieve goals is clear, and when the individual is in a position to make the necessary effort (Condrey, 2005, p.484). Hence, whereas goal difficulty enhances the potential level of the performance evaluation and stimulates people to perform up to their maximum potential, goal specificity helps people to understand how they can achieve positive evaluations by explicating the criteria on which they will be evaluated (Dewettinck & Dijk, 2009, p.6).

A goal is the object or aim of an action (Kessler, 202, p. 313). Goals influence performance levels by affecting the direction of action, the degree of effort exerted, and the persistence of action over time. For example, when an employee is told to improve quality and not make mistakes, that employee will focus his energy on producing a higher-quality product compared to when that employee is merely told to “do his best” on the task. The only exception to this is that for some creative tasks, being specific may not always be possible. People learn from a very early age that if they want to accomplish a goal, then they have to pay attention to the goal and ignore other things, work hard to accomplish the goal, and keep working hard until the goal is reached (Miles, 2013, pp. 129-130).

The goal setting theory often applies to organisations that want to improve their employee's productivity levels. It typically works because it gives employees a clear picture of what their manager requires of them and how their manager expects them to complete tasks, which can motivate them to work harder and smarter (Indeed Editorial Team, 2022, p. 3).

2.1.8.3. Expectancy Theory

According to Indeed Editorial Team, (2022, p.3) the expectancy performance management theory is a performance management model that explains why some employees perform better

than others. This theory focuses on the beliefs that employees have about their abilities, their behavior and the outcomes of their actions.

One of the assumptions of the Expectancy Theory is that people make decisions among alternative plans of behaviour based on their perceptions [expectancies] of the degree to which a given behavior will lead to desired outcomes. Typically, in employment relations transactions such as payment for services rendered occur between employers [providers of reward and recognition] and employees [service providers] (Dawson, 1993 as cited in Mathibe 2008, p. 2). Expectancy theory is based on the postulation that individuals have choices, and they make decisions based on which choice they perceive will lead to the best personal outcome. This supposition is composed of three premises which Vroom's uses to construct his theory – expectancy, instrumentality, and valence (Lloyd & Mertens, 2018, p. 29).

➤ **Expectancy:**

Expectancy is about employee's expectation from their own efforts and the relation to good performance. Part of expectation is his level of difficulty (Rehman, Sehar & Afzal, 2019, p.2). Expectancy is the worker's anticipation that a certain effort on their part will lead to a specific performance. It is the degree to which an individual believes their abilities will lead them to goal achievement (Lloyd & Mertens, 2018, p. 29). An organization should respond to this by identifying factors that can inspire the employee to give the best possible performance. Victor Vroom says that more effort usually leads to better results. Employees can be encouraged to make an effort if they complete their mission correctly and efficiently by giving them reward (Rehman, Sehar & Afzal, 2019, p.2). Expectancy can be enhanced in several ways, including training, coaching, and modeling of effective behaviors (Kessler, 2021, p. 274).

➤ **Instrumentality:**

Instrumentality is the perception that a given outcome of performance on their part will lead to them receiving an anticipated reward (Lloyd & Mertens, 2018, p. 29). Each employee is an instrument that contributes to the results of the service. From this viewpoint, it is not difficult to grasp instrumentality. The performance of the employee is good enough to achieve the desired

outcome. This can be promoted by an organization by delivering on promises of extra incentives such as bonuses or promotion. (Rehman, Sehar & Afzal, 2019, p.2).

➤ **Valence:**

Valence can be positive, whereby the attainment of the reward is desired, or negative whereby the attainment of the reward is something an individual wishes to avoid (Lloyd & Mertens, 2018, p. 29). Each individual appreciates the final outcome that employees achieve differently. This value depends on their own basic needs. As such, figuring out what an employee's beliefs and what his personal needs are is a good idea for an organization. One might prefer money while another might prefer more days off (Rehman, Sehar & Afzal, 2019, p.2). Thus, managers should attempt, to the extent possible, to ensure that their employees believe that increased effort will improve performance and that performance will lead to valued rewards (Hermes 2021, p. 565).

2.2. *Empirical Review*

The following are previous studies that were conducted on performance management system and productivity stated with their findings.

Hamid (2017, p.52) conducted a study on The Role of Performance Management Practice on Employee Productivity in East Africa Bottling Share Company. The study discovered a positive relationship between performance management systems and employee productivity, and thus concluded that if the company's performance management practice is considered as a strategic tool in enhancing individual and organizational performance, as a result, employees are productive in their area of assignment.

A study conducted by Development Dimensions International (DDI), a global human resources consulting firm specializing in leadership and selection, found out that performance management system is a key tool that organizations use to translate business strategy into business results. Specifically, performance management systems influence "financial performance, productivity, product or service quality, customer satisfaction, and employee job satisfaction" (Aguinis 2013, p.8).

Wondwossen Belachew (2017, p.52) conducted a study on “Effect of Performance Management Practice on Perceived Employees’ Performance in Assai Public School”. The study discovered that performance management practice dimensions such as knowledge of performance management, involvement of employees in performance planning and uses of performance management have positive and significant effect on employees’ performance. And thus study recommended that performance planning should not be always a sole activity of supervisors and higher officials but include the active involvement of employees during the design and implementation of the plan as it is a crucial element of performance management system to ensure success.

A study carried out by (Jugmohun, 2018, p.51) reveals that factors such as balance scorecard, training, top management commitment, employee engagement, reward management, enterprise resource planning, culture and behavior influence the effectiveness of a performance management system adoption in organization.

Ezenwaka & Okoro’s (2020, p. 95) study entitled “The Effect of Performance Management On Organizational Effectiveness In Chukwuemeka Odumegwu Ojukwu University” reveals that when performance management is well implemented, it improves employee productivity. This, however, is when more emphasis is placed on positive feedback and compensation which was proven to have a higher influence on productivity of employees.

Shuriye & Wambua (2020) carried out a study to establish the effect of organizational performance management practices on productivity of employees in Garissa County government, Kenya. The study result revealed that majority of the respondents agreed that there was effective feedback on information regarding customer service delivery collected from employees. Continuous feedback reports enabled the county to work on improving the employee’s skills and knowledge. Continuous feedback in the county is also found to be significant in ensuring that every department contributes towards the common objectives. The study concludes that career planning was vital in ensuring that employees grow their talent in an attempt to supporting organizational goals. Competence of employees is also vital in explaining the productivity of employees in the county. As a result, the study recommends that the directors of communication and other relevant directors in the county government should ensure that there is continuous

feedback on matters related to employee competence and areas that need improvement in the county.

Binta, M., Muhammad, I., Ahmed, Z., Bazza, A. M., & Magaji, B. conducted an empirical study on Effects of Performance Appraisal on Employee Productivity in Federal Ministry of Education Headquarters Abuja Nigeria revealed that the coefficients of appraisal performance and employee feedback had positive and significant effect on employee productivity for the period under study. The study concludes that concluded that performance appraisal enhances workers' productivity in Federal Ministry of Education. When an objective appraisal is carried out, the organization will be in a position to reward the performing employees. The study found that performance appraisal indices enhanced employee productivity.

In another study, Idemobi and Onyeizugbe (2011, p.46) show how performance management is imperative for effective performance in Delta State of Nigeria, public owned organizations. The study found out that performance review techniques have significant effect on employee performance, and that significant relationship exists between performance incentives and employees' morale boosting. The study concludes that the absence of performance management system will lead to high rate of business failures in the Delta State public sector organizations. Thus, understanding factors influence the effectiveness of performance management systems is fundamental.

Odhiambo (2015, p.54) carried out a study on "The effect of performance management practices on employee productivity, using Schindler Limited Ghana, as the study area". The study found out that effective feedback is essential for any organization to meet its target. The findings also proposed that employee appraisal leads to improved productivity.

2.3. Conceptual Framework

In this study, performance management system is based on the idea that an individual's needs or expectations lead to behavior or action that motivates employee to achieve desired goals that provide personal fulfillment with pre-requisites of performance management, performance planning, ongoing feedback, employee input, performance evaluation and performance review. The study's theoretical framework is founded on the idea that the process of an effective performance management system could influence productivity. The primary goal of a performance management system is to improve the performance of individuals, teams, and entire organizations. However, the system may also be used to help make administrative decisions, and the following factors will help the performance management system serve its purpose by making it effective. These elements are required for a performance management system to be referred to as an effective performance management system. These elements are depicted in two diagrams below.

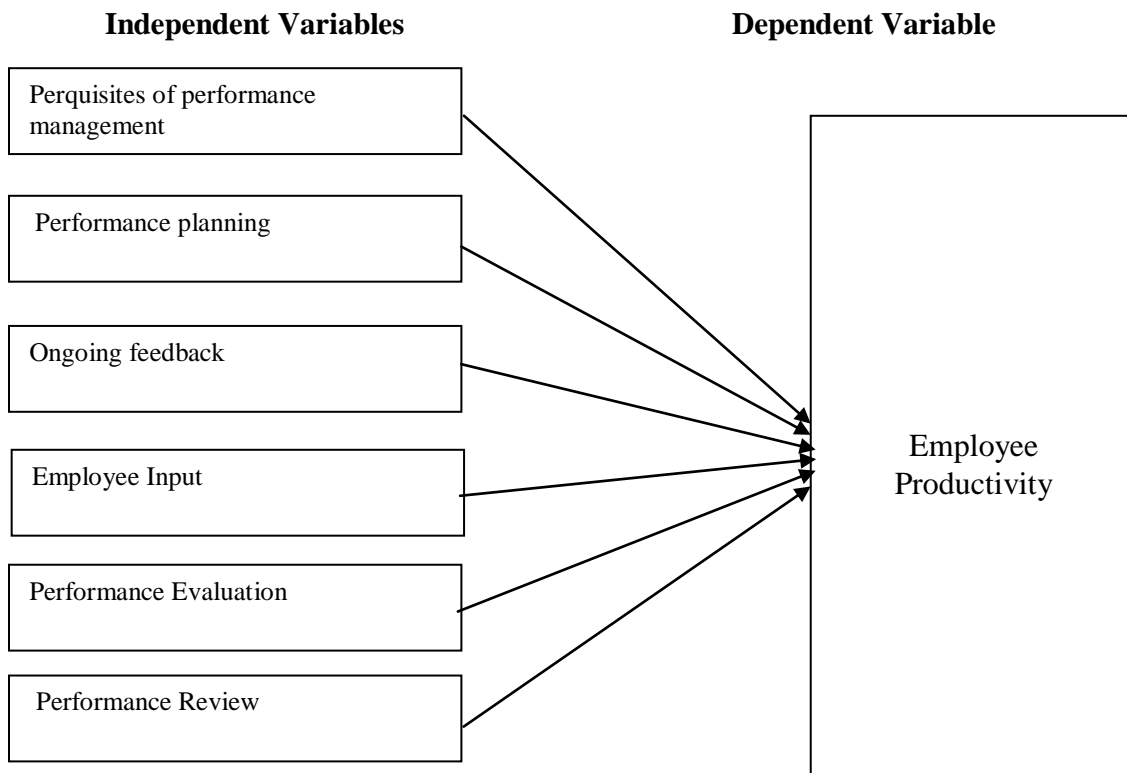


Figure 2.2. Conceptual Framework

Source: Adopted from literatures, (Herman Aguinis, 2020 & Elaine D. Pulakos, 2004).

2.4. Research Hypotheses

The null hypotheses for this research is that none of the independent variables has a significant effect on productivity. The alternative hypothesis which this study tests are as follows:

Hypothesis 1: Prerequisites of performance management have statistically significant effect on employee productivity

Hypothesis 2: Performance planning has a statistically significant effect on employee productivity

Hypothesis 3: Ongoing feedback has a statistically significant effect on employee productivity

Hypothesis 4: Employee input has a statistically significant effect on employee productivity

Hypothesis 5: Performance evaluation has a statistically significant effect on employee productivity

Hypothesis 6: Performance review has a statistically significant effect on employee productivity

Stage 1: Prerequisites of performance management

There are two important prerequisites that are needed before a performance management system is implemented: (1) knowledge of the organization's mission and strategic goals and (2) knowledge of the job in question.

Stage 2: Performance Planning

This performance planning discussion includes a consideration of (1) results, (2), behaviors, and (3) development plan.

Stage 3: Ongoing feedback

Performance assessment is needed to provide feedback for improvement. Recognition of performance levels can serve to motivate workers toward higher levels of performance.

Employees may not always satisfy with the performance appraisal process. However during ongoing feedback the right kind of feedback on performance is very important. Feedback also involves reinforcement and punishment.

Stage 4: Employee Input

It is an alternative way of collecting employee input at the end of the rating period. It serves as the basis for manager's/supervisor's evaluation of employees work execution. It is the form of requesting employees to provide self-ratings on performance standards,

Stage 5: Performance Appraisal (evaluation)

Both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved.

Stage 6: Performance Review

It involves the meeting between the employee and the manager to review their assessments. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance.

CHAPTER THREE

Research Methodology

This chapter deals with the description of the research methods that were applied in carrying out the research. It covers the following areas: research design; data source; data gathering tools; sample size and sampling techniques; and methods of data analysis.

3.1. Research Design and Approach

A descriptive and explanatory research design was used by the researcher to capture the logical structure of the study. Then to capture the presence of any relationship, the study examines EABSC's performance management system, as well as its impact on employee productivity.

Descriptive survey research design was applied using qualitative and quantitative approach. Descriptive research is a valuable tool when trying to describe or assess certain characteristics of a given population (Babbie, 1995, 86). Descriptive research describes a situation. Generally, the situation is described by providing measures of an event or activity. Descriptive research often accomplishes this by using descriptive statistics. Typical descriptive statistics include frequency counts (how many), measures of central tendency, like the mean, median, or mode, or a measure of dispersion (variation) such as the standard deviation. Statistical tests are used to assess the relationships using descriptive statistics (Hair & et al, 2019, p.177) In general descriptive survey design assists the researcher in gathering, summarizing, presenting, and interpreting information for clarification. It enables to describe the performance management practice and looks into the employee's perception as well with special emphasis on merit pay.

Explanatory research design was used with the objective of establishing the cause and effect relationship between variables i.e. between performance management practice and employee productivity. Explanatory research looks for causes and reasons. It aims to understand phenomena by discovering and measuring causal relations among them (Mitchell and Jolley, 2004, as cited in Hamid, 2017, p. 23).

The research approach involves mixed methods (both quantitative and qualitative). The data collection involves methodological triangulation and data triangulation, or a combination of methods and data sources were important way to strengthen a study design in a single problem (Patton, 1990:187). The use of several methods (qualitative and quantitative) and different data sources (primary and secondary) were helpful to find adequate information and to get individual, group and institutional views (Yeraswork, 2000:296).

For the quantitative part, responses from EABSC employees were collected and examined on a scale of agreement or disagreement to statements. For the qualitative part, responses from management were collected and assessed for a common understanding. The qualitative type of data was employed to get reliable information to support the quantitative data regarding the specific objectives of the study through interview.

3.2. Population, Sample size and Sampling Techniques

3.2.1. Research Population

Research involves collecting information to improve decision making. Collecting information involves contacting people who are knowledgeable about a particular topic. We refer to the group of knowledgeable people as a population or universe. A population is thus the total of all the elements that share a common set of characteristics (Hair, Page, & Brunsveld, 2019, p.177).

As of January 2023, the total number of target populations for the study is 460 professional and semi-professional employees out of 1,378 employees working in plants located in Addis Ababa. East Africa Bottling Share Company operates four production facilities/plants across the country (Bahir Dar, Dire Dawa, Sebeta and Addis Ababa). For the reasons stated in the scope section, employees from the Dire dawa, Bahir dar and Sebeta plants were excluded from the study. Furthermore, the study did not include all workers at the Addis Ababa plant.

Prior to commencement of the data collection exercise, the researcher used his preliminary observations with ten members of staff at different levels within the company to know appropriate respondents with the necessary knowledge, experience, and ability to respond to the research questions. The researcher knew that non-professional respondents lacked the necessary knowledge, experience and ability to response to the research questions. Thus, employees in the

non-professional employee category perform routine and labor tasks at a low level were not included in the study.

As a result, the employees were grouped in to three categories: professional, semi-professional and non- professional employees. Per the people plan (name of the performance management practice the company uses) policy of the company, the implementation of the performance management practice focuses on professional and semi-professional workforce category, i.e. employees with educational qualification of Diploma and above. Hence, as per the company's qualification manual, those employees who are on positions which require the aforementioned educational level at minimum were included in this study.

Employees in the non-professional employee category perform routine and labor tasks at a low level. Cleaners, carpenters, office attendants, checkers, fuel attendants, drivers, file clerks, manufacturing crews, production deliverers, security guards, truck helpers, and warehouse crews are examples of these employee groups. Employees in these positions were not included in the study because the majority of them lacked the necessary knowledge, experience, and ability to respond to the research questions and were not considered part of the critical workforce.

Professional and semi-professional employees comprise of lower and middle level managers, engineers, supervisors, accountants, electricians, technicians, data encoders, machine operators, cashiers, store keepers and officers made up the target population of the study. A response from such a diverse group of employees is believed to allow the study to avoid common respondent bias and obtain more reliable data.

3.2.2. Sample Size

A sample is a relatively small subset of the population. It is drawn using either probability or nonprobability procedures. A sample must be representative of the population from which it is drawn. In other words, the sample should mirror characteristics of the population, thereby minimizing the error associated with sampling. Use of an appropriate sampling design can achieve this objective (Hair & et al.2019, pp. 179 &181). Sample size determination is the technique of electing the number of observations to include in a sample. The sample size is an

important feature of any study or investigation in which the aim is to make inferences about the population from a sample (Singh & Masuku, 2014, p.6).

The determination of sample size and sampling techniques is made based on the target population. The study involves both lower and middle level management and non-management permanent employee working at EABSC's plants located in Addis Ababa.

Hence, as of January 2023, the total number of target populations for the study is 460 professional and semi-professional permanent employees out of 1,378 employees working in plants located in Addis Ababa. From these, a sample size of 214 respondents is found to be large enough for the study based on Yemani's sample size calculation (see below).

Taro Yemani's (1964) statistical formula:

$$n = \frac{N_1}{1 + Ne^2}$$

Where:

n = sample size to be determined

N = population of interest

e = error margin (0.05)

1 = constant value

Accordingly,

$$n = \frac{460}{1+460(0.05)^2} = 214$$

Hence, the sample size is 214.

3.2.3. Sampling Techniques

Purposive sampling was used to select respondents from senior management positions. The sampling method is chosen to enable the researcher select respondents who have worked at EABSC long enough, have knowledge of the research issue, and are willing to participate in the study. Therefore, a total of six senior management staffs were selected purposively and interviewed. On the other hand, a simple random sampling method was used to select semi-professional and professional respondents from managerial and non- managerial positions.

Purposive sample, involves selecting elements in the sample for a specific purpose. It is a form of convenience sampling in which the researcher's judgment is used to select the sample elements. Sample elements are chosen because the researcher believes they represent the target population, but they are not necessarily representative (Hair & et al, 2019, p193).

Simple random sampling method, each unit included in the sample has equal chance of inclusion in the sample. This technique provides the unbiased and better estimate of the parameters if the population is homogeneous (Singh & Masuku, 2014, p.4).

3.3. Source of Data

The research was done based on both primary and secondary data. The primary data gathered from employees of EABSC through questionnaire and interview were conducted with senior

3.3.1. Primary Data

The primary data gathered from employees of EABSC through questionnaire and interview was conducted with senior managerial staff. The questionnaire was used to collect primary data from sample respondents in order to assess the applicable performance management practices and the effect that performance management has on employee productivity. Relevant standard question statements were developed from literature reviews which were found to be appropriate for the study. The qualitative type of data was also employed to get reliable information to support the quantitative data regarding the specific objectives of the study through interview.

3.3.2. Secondary Data

The study also used secondary data in collecting information. The sources of the secondary data was used in this study through viewed company documents, reference books, research works, web pages and other pertinent documents. To provide a basis of knowledge on the research topic, this helped in understanding and the analysis of the data from each source.

3.4. Data Gathering Tools

The study uses questionnaires and interviews to collect primary data. A survey questionnaire was distributed to EABSC's middle level managerial, lower level managerial and non-managerial employees. Extensive interview had carried out with the company's senior management

members. After the required data is collected, it was processed, and analyzed by using Statistical Package for the Social Sciences, (SPSS). To gain a better understanding by obtaining data from different sources, such as interviews, questionnaire and secondary data which helps to harnesses diverse ideas about the same issue and assist in cross-checking the results, and consequently helps to increase the validity, reliability of the findings and data analysis.

3.5. Procedures of Data Collection

A copy of the questionnaire, distributed to respondents at work places. The researcher explained the questions to the respondents thoroughly after copies of the questionnaire were given them. The purpose of this was to help the respondents to understand the purpose of the research, and to be able to provide their independent opinions on the questionnaire items given them. After some time, the researcher went back and collected the answered questionnaires. To have a valid and reliable data, the researcher ensured that the questions were well formulated which allows error minimization.

3.6. Pilot Testing

The researcher began by pilot testing the research instrument on a small sample of respondents on the target population that have similar characteristics to the target population. A questionnaire was distributed to thirty-two respondents. Accordingly, the researcher test the sample data and the result is shown on the under table 3.1.

Table 3.1. Pilot Test Results

| Variable | Cronbach's alpha value | Decision |
|---|------------------------|----------|
| Prerequisites of performance management | .925 | Reliable |
| Performance Planning | .790 | Reliable |
| Employee Input | .829 | Reliable |
| Ongoing Feedback | .845 | Reliable |
| Performance Evaluation | .811 | Reliable |
| Performance Review | .811 | Reliable |
| Employee Productivity | .882 | Reliable |

Source: Own study (2023)

3.7. Method of Data Analysis

Responses from middle level managerial lower level managerial and non-managerial EABSC employees were collected and examined on a scale of agreement or disagreement to statements. The results are presented in frequency tables, and figures. A multiple linear regression analysis using the SPSS software was conducted to investigate the relationships between the independent variables and productivity. The qualitative data that incorporated the ideas of interviewees were also compiled and duly analyzed against the data obtained through questionnaire. The statistical measures employed include the determination coefficient (R^2), ANOVA F-test, and regression coefficients.

3.8. Ethical consideration

During the data collection processes, the researcher persuaded the participants that any confidential information they disclosed would be kept confidential, and persuaded them that the study's importance would benefit the company and its employees. To avoid humiliating situation for the employees and the researcher, no names were taken in the questionnaire. This was done in order to encourage them to respond without reservation. Every questionnaire was accompanied by a cover letter that explained the purpose of the survey in detail. The questionnaire did not require respondents to provide their names in order to protect their identities and remain anonymous. As a result, the employees knew from the start what the researcher was doing, why and where the information was going, and why it was being collected.

3.9. Validity

The research instruments will be designed in simple and clear language to ensure that respondents understand what each question is meant to ask and that the sequence of questions is requested to increase the likelihood of consistent responses. Prior to the actual administration of the questionnaire, the data collection instruments were subjected to pilot test with thirty-two members of staff at different levels within the company to check for the reliability and validity of the information it contained. The purpose of the pilot-test was to ensure the final questionnaire and check list would generate the adequate and relevant information required.

3.10. Reliability

Reliability Test: The variables in the study, namely "Prerequisites," "Performance Planning," "Employee Input," "Ongoing Feedback," "Performance Evaluation," "Performance Review," and "Employee Productivity," have all undergone reliability analysis using Cronbach's alpha. The results indicate that all variables exhibit acceptable levels of internal consistency and reliability. These high Cronbach's alpha values indicate that the variables are reliable measures and demonstrate good internal consistency. Therefore, the data collected for these variables can be considered trustworthy and suitable for further analysis or interpretation.

Table 3.2. Reliability Test Results

| Variable | Cronbach's alpha value | Decision |
|---|------------------------|----------|
| Prerequisites of Performance Management | .894 | Reliable |
| Performance Planning | .782 | Reliable |
| Employee Input | .769 | Reliable |
| Ongoing Feedback | .844 | Reliable |
| Performance Evaluation | .759 | Reliable |
| Performance Review | .772 | Reliable |
| Employee Productivity | .835 | Reliable |

Source: Own study (2023)

CHAPTER FOUR

Data Analysis and Interpretation

This chapter presents the data collected for the study, analysis and interpretation of the output. The research analysis aims to examine the factors influencing productivity at East Africa Bottling Share Company. The study utilizes statistical measures, including the determination coefficient (R^2) and the analysis of variance (ANOVA) F-test, to assess the strength and significance of the relationships. The dependent variable in focus is productivity, while the independent variables considered are prerequisites, performance planning, employee input, ongoing feedback, performance evaluation, and performance review.

This chapter is divided into three sections: descriptive analysis, correlation analysis, and regression analysis. The first subsection, descriptive analysis, presents the information gathered through questionnaires. The researcher also analyzed and interpreted the data collected. Furthermore, in the second subsection, correlation analysis was used to determine the degree to which the variables are related. The final subsection regression analysis determines the statistical impact of performance management on employee productivity.

4.1. Response Rate

Questionnaires and interviews were used as data collection instruments. Out of the selected sample of 214, 207 returned their questionnaire, representing a 96.73% response rate which is statistically acceptable for generalization. For better triangulation of the information obtained, interviews were made with the senior management staffs. Since the researcher himself administered the data collection and the sample size was manageable, the usability of the questionnaires was checked upon collection and respondents were asked to refill missing values.

Table 4.1: Response Rate of Distributed Questionnaires

| Description | Frequency | Percent |
|----------------------------------|------------------|----------------|
| Returned | 207 | 96.73 |
| Rejected | 7 | 3.27 |
| Total distributed questionnaires | 214 | 100 |

Source: Own survey, 2023

4.2. *Demographic Profile of Respondents*

The first part of the questionnaire consists of professional background and demographic data of the respondents. The variables include age, gender, educational level, current position and work experience. Accordingly, these characteristics of the respondents are summarized and described in the table below:

Table 4.2: Demographic Characteristics

| Gender | | |
|--|-----------|---------|
| | Frequency | Percent |
| Male | 138 | 66.7 |
| Female | 69 | 33.3 |
| Total | 207 | 100.0 |
| Age | | |
| 18-28 | 96 | 46.4 |
| 29-39 | 74 | 35.7 |
| 40-50 | 24 | 11.6 |
| Over 50 | 13 | 6.3 |
| Total | 207 | 100.0 |
| Educational Qualification | | |
| Certificate/Diploma | 40 | 19.3 |
| BA/BSc | 132 | 63.8 |
| MA/MSc | 35 | 16.9 |
| Total | 207 | 100.0 |
| Current Position of Respondents | | |
| Middle level management | 22 | 10.6 |
| Lower level management | 33 | 15.9 |
| Non-management | 152 | 73.4 |
| Total | 207 | 100.0 |
| Work Experience of Respondents | | |
| Less than 2 years | 82 | 39.6 |
| 2-5 years | 63 | 30.4 |
| 5-10 years | 42 | 20.3 |
| 10 years and/or above | 20 | 9.7 |
| Total | 207 | 100.0 |

Source: Own survey, 2023

The researcher intended to identify the gender of the study respondents. The findings presented in Table 4.2 showed that 66.7 % of the respondents were males as compared to 33.3% females. Furthermore, the greater part of (96 or 46.4%) of respondents were within the age category of 18-28 years. The second (74 or 35.77%) is within the age category of 29-39 years. The third (24 or 11.6%) is within the age category of 40–50 years. The fourth (13 or 6.3%) is within the age category of over 50 years old. Contrarily, there were variations or dispersions in age among the sampled employees of the Company.

With respect to the educational status of the respondents, staffs who have a degree represent the largest portion (132 or 63.8%) out of the total respondents. 35 or 16.9% of them have a master's degree and above and the rest of the respondents (40 or 19.3%) have a college diploma. This shows that the majority of the respondents are significantly educated. The fact that almost all of the respondents being educated at different levels assures that respondents can easily understand the questionnaire as desired by the researcher.

The data obtained reveals that no PhD holder is there among the respondents. Depending on the response, it can be said that most employees of EABSC are qualified at bachelor degree followed by Master's degree level, diploma/certificate levels respectively. This implies that EABSC has more qualified manpower that has potential for the development of both individual and organizational performance.

Regarding the position status of respondents, Table 4.2 indicates that (152, which is 73.4% of all) are non-managerial staff and a total of 55 (26.5%) is managerial staff.

The data collected on the work experience of respondents is presented in Table 4.2. It shows that most of the respondents (82 or 39.6%) have been working for less than 2 year, 63 (which is 30.4%) between 2 to 5 years, 42 (which is 20.3%) between 5 to 10 years, and 20 (which is 9.7%) for 10 years or more. Since the majority of respondents have been working at the company for at least two, their responses is believed to more accurately reflect the performance management practice of the organization.

4.3. Descriptive Analysis of Study Variables

4.3.1. Prerequisites of Performance Management

According to Aguinis (2020) there are important prerequisites that are needed before a performance management is implemented; knowledge of the organization's mission and strategic goals and need to know the position in question. The researcher assessed whether staff have knowledge of the company's overall mission and objectives as one of performance prerequisite (p.15). In organizational communication, alignment refers to the congruence between employee interests and actions and the company's key goals and strategic vision. They argue that employees can be encouraged to align with a leader's vision through effective management and communication of vision, for example, via "clear and precise corporate missions" (Powell and Dodd 2007, p. 397). Whether alignment is a prerequisite for coordination or a much desired result of managers' efforts it inevitably involves employees sharing their leader's ideas (Powell & Dodd, 2007 and Van den Steen, 2005). Besides, respondents were asked whether they have clear understanding of prerequisites of performance management. Accordingly, the responses have been summarized as follows:

Table 4.3: Prerequisites of Performance Management

| Prerequisites of Performance Management | | | | | | | | | | |
|---|--|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | I have clear understanding of EABSC's mission statements. | F | 24 | 89 | 10 | 63 | 21 | 207 | 2.85 | 1.260 |
| | | % | 11.6 | 43.0 | 4.8 | 30.4 | 10.1 | 100 | | |
| 2. | In EABSC goal setting is carried out with the discussion between the employee and the supervisor | F | 23 | 88 | 17 | 65 | 14 | 207 | 2.80 | 1.192 |
| | | % | 11.1 | 42.5 | 8.2 | 31.4 | 6.8 | 100 | | |
| 3. | EABSC performance management practice aligned individuals objectives to that of the EABSC's overall objectives | F | 24 | 79 | 14 | 70 | 20 | 207 | 2.92 | 1.253 |
| | | % | 11.6 | 38.2 | 6.8 | 33.8 | 9.7 | 100 | | |
| 4. | I have a clear understanding of how my job related to the overall EABSC's mission. | F | 24 | 81 | 12 | 67 | 23 | 207 | 2.92 | 1.275 |
| | | % | 11.6 | 39.1 | 5.8 | 32.4 | 11.1 | 100 | | |
| 5. | I am clear about what my job responsibilities are and what is expected from me. | F | 57 | 119 | 11 | 17 | 3 | 207 | 1.99 | 0.899 |
| | | % | 27.5 | 57.5 | 5.3 | 8.2 | 1.4 | 100 | | |

Source: Own survey, 2023

As can be seen from Table 4.3, 89(43%) of the respondents agree and 24(11.6%) of the respondents strongly agree that they have understanding of EABSC's mission, strategy and objectives. On the other hand 63(30.4%) and 21(10.1%) disagree and strongly disagree, respectively with a mean and SD of 2.85 and 1.260 respectively. This may have important implications or impact on employees level of productivity.

As of goal setting, managers are expected to communicate expectations and goals to the employee and works together to develop individual goals in alignment with organization goals. Effective goal setting is participatory. Both the manager and the employee should be involved in the development of goals to ensure understanding and commitment. When respondents were asked about their participation in the goal setting process, about half of them agreed or strongly agreed that they participate in goal setting process which represents 88 (42.5%) and 23 (11.1%) together. On the other hand, 65(31.4%) respondents disagreed and 14 (6.8%) strongly disagreed with a mean and SD of 2.80 and 1.192 respectively. While 17 (8.2%) remained undecided in their involvement. Thus, the company needs to develop manager's abilities to provide the necessary support that its employees need to communicate the company overall strategic objective and their specific objectives and targets. Accordingly employees have understood how their job related to the overall EBASC's mission for the benefits of the company.

With regard to performance management practices, 79(38.2%) and 24 (11.6%) of the respondents indicated that they agree and strongly agree, respectively, that their objectives were aligned with the Company' objectives. On the other hand, 70 (33.8%) and 20 (9.7%) respondents disagree and strongly disagree, respectively that their objectives were aligned with the Company's objectives with a mean and SD of 2.8 and 1.192, respectively. This data should be taken with care, considering that only a slight majority (54%) agreed or disagreed that they have clear understanding of EABSC's mission, strategy, and objectives.

Performance management is all about setting up a shared understanding of what is to be achieved at an organizational level. Accordingly, clarity regarding individual roles and requirements in supporting the strategic goals and the extent to which they have effectively cascaded and interlinked goals across the company was areas of measurement in the survey. A total of 105

respondents (50.7%) agreed that they had a clear understanding of how their jobs were related to the overall goals of the EABSC. On the other hand, 67 respondents (32.4%) and 23 respondents (11.1%) disagreed and strongly disagreed, respectively, that their jobs were aligned with the Company's objectives. The mean and SD are SD of 2.92 and 1.275 respectively. This could be contrasted with 57.5% and 27.5% respondents stating that they had clear knowledge about their respective job they did (which is 85% of respondents). From this contrast, it is possible to conclude that the prerequisites of performance management are not clearly met at EABSC. Interviews on this subject revealed that before employees are given their duties and responsibilities in the EABSC in general, and in each department or division, the concerned officials in the Company have done job analyses.

4.3.2. Performance Planning

According to Pulakos, (2004, p.4) at the beginning of the performance management cycle, it is important to review with employees their performance expectations, including both the behaviors employees are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle. Performance planning is a stage where the supervisor and the employee meet together to discuss and agree on what will be done for the future and how it should be done.

Table 4.4: Performance Planning

| Performance Planning | | | | | | | | | | |
|----------------------|--|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No. | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | EABSC performance management planning begins with identifying the organization's objectives. | F | 68 | 103 | 22 | 13 | 1 | 207 | 1.92 | 0.849 |
| | | % | 32.9 | 49.8 | 10.6 | 6.3 | 5 | 100 | | |
| 2. | It is possible to say that the EABSC performance management process translates company's objectives into individual job objectives | F | 12 | 165 | 14 | 15 | 1 | 207 | 2.16 | 0.667 |
| | | % | 5.8 | 79.7 | 6.8 | 7.2 | 5 | 100 | | |
| 3. | I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my result and behavior. | F | 41 | 122 | 23 | 21 | - | 207 | 2.12 | 0.840 |
| | | % | 19.8 | 58.9 | 11.1 | 10.1 | | 100 | | |
| 4. | I reach an agreement with my supervisor on how my performance is measured | F | 37 | 113 | 24 | 33 | - | 207 | 2.47 | 1078 |
| | | % | 17.9 | 54.6 | 11.6 | 15.9 | | 100 | | |

Source: Own survey, 2023

As shown in the table above, this section contains four questions. The first question, whether EABSC performance management planning begins with identifying the organization's goal or not, has the majority of respondents in the range of agree and strongly agree; 49.8% agree; 32.9% strongly agree; with a mean and SD of 1.92 and 0.849, respectively. As a result, we can say that the company begins by identifying the organization's objectives,

The second question concerns whether East African Bottling S.C.'s performance management process translates organizational goals into individual job objectives. According to the results, 79.7 % agree, 5.8% strongly agree, 7.2%, 7.2% disagree, 6.8% are not sure and 5% strongly disagree. The mean and standard deviation were also 2.16 and 0.667, respectively. This shows that the majority of staff feels that the company communicates the organizational objectives; it does translate them to individual objectives, which will affect the performance management process as per the explanation above by Pulakos (2009, p.4).

Regarding the agreement they had reached with the supervisor about the standards that will be used to evaluate their result and behavior is the majority of the respondents, which is 58.9%, agree, 19.8% strongly agree, 11.1% are not sure and 10.1% strongly disagree, with a mean and SD of 2.12 and 0.840 respectively. From this result, we can understand that the majority of staff agreed with this statement.

The fourth question concerns which is about the agreement with individual and their supervisor on how performance is measured. According to the results, with a mean and SD of 2.47 and 1.078 respectively a total of 71% of them confirmed that the sample respondents reached agreements with their supervisors on how their performance could be measured and the standards that would be used to evaluate their assigned duties.

4.3.3. Ongoing Feedback

Having effective, ongoing performance conversations between managers and employees is probably the single most important determinant of whether or not a performance Management system will achieve its maximum benefits from a coaching and Development perspective Pulakos, (2004, p.19-21). Reinforcement and punishment are two forms of feedback. Positive

feedback is considered as positive reinforcement which involves giving employee information which he/she can take advantage of (Yamoah (2014) as cited in Mwasawa & Wainaina, 2021, p. 24).

Table 4.5: Feedback Response

| Ongoing Feedback | | | | | | | | | | |
|------------------|--|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | Feedback is provided based on performance assessment | F | 45 | 95 | 24 | 37 | 6 | 207 | 2.34 | 1.094 |
| | | % | 21.7 | 45.9 | 11.6 | 17.9 | 2.9 | 100 | | |
| 2. | Apart from performance review, there is an ongoing basis of feedback systems from supervisor | F | 45 | 93 | 20 | 49 | - | 207 | 2.35 | 1.069 |
| | | % | 21.7 | 44.9 | 9.7 | 23.7 | - | 100 | | |
| 3. | The feedback is helpful in increasing my efficiency | F | 33 | 93 | 28 | 53 | - | 207 | 2.49 | 1.042 |
| | | % | 15.9 | 44.9 | 13.5 | 25.6 | - | 100 | | |
| 4. | I'm always informed about any change made in my initial performance target by my supervisor | F | 33 | 89 | 28 | 48 | - | 207 | 2.57 | 1.138 |
| | | % | 15.9 | 43.0 | 13.5 | 23.2 | - | 100 | | |

Source: Own survey, 2023

In this study, respondents were asked whether the feedback provided to them is based on performance management. The majority of the respondents either agree or strongly agree with the statement (45.9% and 21.7%, respectively) while 17.9% disagree with a mean and SD of 2.34 and 1.094 respectively. The responses clearly indicate that employees believe feedback is provided based on their performance assessment and they accept it.

In addition, the majority of respondents either agree (21.7%) or strongly agree (44.9%) that an ongoing feedback system exists, while 23% of the respondents disagree. Less than 10% (9.7%) remain neutral. These responses are backed by data obtained from interviews that confirmed the existence of either monthly, quarterly, mid-year, or annual meetings held to assess and give feedback on the performance of an employee. . However, interviews revealed that employees

did not collect feedbacks of their performance assessment in written formats, which was confirmed by two senior officials.

A vast majority of respondents also indicated that they either agree (44.9%) or strongly agree (15.9%) that feedback is helpful in increasing job performance. 13.5% of respondents, however, disagree and the remaining 25.6% remain neutral with a mean and SD of 2.49 and 1.042 respectively. These responses correspond with responses regarding whether employees are informed about changes made to original performance target. A similar proportion (43%) agree and 15.9% strongly agree with this statement with a mean and SD of 2.57 and 1.138 respectively, whereas 23.2% of respondents did not agree.

4.3.4. Employee Input

Employee input has a number of positive outcomes. First, it involves employees in the process, enhancing ownership and acceptance. Second, it reminds managers about the results employees have delivered and how they were achieved. Third, employee-generated accomplishments can be included in the formal appraisal, decreasing managers' writing requirements. Fourth, employee input increases communication and understanding. Managers and employees usually review and discuss the accomplishments before they become part of the appraisal, resulting in fewer disconnects between the manager's and the employee's views of the employee's contributions. Finally, employee accomplishments can be retained and used as input for pay or promotion decisions (Pulakos 2004, P. 8). In line with this, this study explored the level of employee input in EABSC's performance management. The responses are summarized in the table below.

Table 4.6: Employee Input Response

| Employee Input | | | | | | | | | | |
|----------------|---|-------------|-------------------|-------|---------|----------|----------------------|-------|------|---------------|
| N o. | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | Chance is given to the employee to assess their performance against performance standard. | F | 32 | 106 | 11 | 56 | 2 | 207 | 2.31 | 1.120 |
| | | % | 15.5 | 51.2 | 5.3 | 27.1 | 1.0 | 100 | | |
| 2. | My inputs have value in the | F | 51 | 96 | 4 | 56 | - | 207 | 2.34 | 1.094 |

| | | | | | | | | | | |
|--|--|---|------|------|-----|------|--|-----|--|--|
| | performance management process, and I am involved in it. | % | 24.6 | 46.4 | 1.9 | 27.1 | | 100 | | |
|--|--|---|------|------|-----|------|--|-----|--|--|

Source: Own survey, 2023

This section has two questions that can best explain if there is employee participation in the company's Performance management system. The first question assesses whether employees are given the chance to assess their own performance against performance standard results in a more effective performance management system. Among the sample, 66.7% of respondents agree or strongly that they got a chance to assess their performance conducted by their respective supervisor with a mean and SD of 2.31 and 1.20 respectively

A great majority of respondents (71%) either agree (46.4%) or strongly agree (24.6%) with the statement that employees' input is highly valued in the performance management process and they are highly involved in it whereas 27.1% disagreed with a mean and SD of 2.34 and 1.094 respectively. Since employee input play a critical role in achieving the organization's goal, as outcomes will likely meet an agreed-upon standard of performance or level of service (Armstrong, 2009), EABSC's employees' input and involvement in performance management should contribute positively to productivity levels.

4.3.5. Performance Evaluation

Performance assessment includes both objective and subjective assessment of how well an employee has performed during the period under review. Both the employee and the supervisor are responsible for assessing and evaluating the extent to which the desired behaviours have been displayed and whether or not the desired results have been achieved in the performance assessment phase. To conduct the performance assessment, many sources of performance information should be used. However, in most cases, the immediate supervisor provides the required information. According to Aguinis (2009), the appraisal meeting should include a discussion of the employee's development progress as well as plans for the future. In line with this, this study explored the performance evaluation process at EABSC. The responses are summerized in the table below.

Table 4.7: Performance Evaluation

| Performance Evaluation | | | | | | | | | | |
|------------------------|---|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | Performance is measured based on the agreement reached with the supervisor and employee | f | 44 | 84 | 11 | 68 | - | 207 | 2.50 | 1.157 |
| | | % | 21.3 | 40.6 | 5.3 | 32.9 | | 100 | | |
| 2. | Performance is rated based on the standards already established | f | 45 | 67 | 31 | 64 | - | 207 | 2.55 | 1.143 |
| | | % | 21.7 | 32.4 | 15.0 | 30.9 | | 100 | | |
| 3. | Supervisors provide the required coaching based on the performance assessment result | f | 31 | 88 | 11 | 77 | - | 207 | 2.65 | 1.130 |
| | | % | 15.0 | 42.5 | 5.3 | 37.2 | | 100 | | |
| 4. | Performance assessment contributes to enhance future performance result | f | 18 | 124 | 14 | 51 | - | 207 | 2.47 | 0.959 |
| | | % | 8.7 | 59.9 | 6.8 | 24.6 | | 100 | | |

Source: Own survey, 2023

As can be seen in Table 4.7, close to 62% of respondents either agree (40.6%) or strongly agree (21.3%) with the statement that their performance was measured based on the agreement they had reached with their superiors whereas 32.9% of respondents disagree with a mean and SD of 2.50 and 1.157 respectively. The fact that close to 33% disagrees with this statement should be a cause for concern for the company. Interviews on this subject revealed that EABSC uses a six-point rating scale and provides managers with rating guides and relevant documents during performance assessment. The performance management system is formally performed two times annually during agreement, mid-year review and end-year review. There are performance standards and a management approved expression of the performance requirement or expectations that must be met to be appraised which both the immediate supervisors and the employees discuss and agree upon. Therefore, EABSC performance evaluation is done based on criteria agreed between supervisors and employees.

In addition to performance evaluation being done as per the criteria previously agreed upon between supervisors and employees, 32.4% and 21.7% respondents agree and strongly agree, respectively with a mean and SD of 2.55 and 1.143 respectively, that their supervisors assess employee

performance objectively against the performance parameters set. However, 30.9% respondents did not agree and 15% remain undecided, which should be an opportunity for EABSC to improve its performance evaluation process.

On the other hand, 37.2% of respondents agree with the statement that their supervisors do not provide the required coaching based on the performance assessment result while a total of 57.5% of respondents believed their supervisors regularly records critical incidents. Finally, as reflected in fourth question 59.9% of respondents agree with the statement that performance assessment contributes to enhance future performance result whereas 24.6% respondents do not agree and 6.8% remain undecided with a mean and SD of 2.65 and 1.130 respectively.

The responses to questions concerning performance evaluation clearly leave a good proportion of employees (over 30%) do not feel enough is done. This could be seen as a big room for improvement for EABSC.

4.3.6. Performance Review

The performance review can help to sustain motivated workers by acknowledging their performance, improving employee efficiency and personal development, providing structured training, and making appropriate administration decisions. According to Pulakos, (2004, p.19-21) in some organizations, pay, promotion decisions and other administrative actions are also discussed during the performance review session. In others, separate meetings are held to discuss administrative actions. The performance review session is also a time to plan developmental activities with employees. In line with this, this study explored the performance review process at EABSC. The responses are summerized in the table below.

Table 4.8: Performance Review Response

| Performance Review Response | | | | | | | | | | |
|-----------------------------|--|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No. | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 1. | Effective personal recognition is provided during review meeting | f | 18 | 118 | 20 | 51 | - | 207 | 2.50 | 0.960 |
| | | % | 8.7 | 57.0 | 9.7 | 24.6 | | 100 | | |
| 2. | There is a practice of using the performance assessment for personal development | f | 12 | 90 | 17 | 82 | 6 | 207 | 2.90 | 1.084 |
| | | % | 5.8 | 43.5 | 8.2 | 39.6 | 2.9 | 100 | | |
| 3. | The performance assessment and review incorporate future training. | f | 30 | 142 | 6 | 29 | | 207 | 2.16 | 0.843 |
| | | % | 14.5 | 68.6 | 2.9 | 14.0 | | 100 | | |
| 4. | Performance assessment result is linked to reward or provides basis for payment decision (such as bonuses and incentives). | f | 20 | 149 | 11 | 27 | | 207 | 2.22 | 0.792 |
| | | % | 9.7 | 72.0 | 5.3 | 13.0 | | 100 | | |
| 5. | EABSC existing performance management system contributes to improve employee efficiency | f | 8 | 138 | 19 | 33 | 9 | 207 | 2.50 | 0.955 |
| | | % | 3.9 | 66.7 | 9.2 | 15.9 | 4.3 | 100 | | |

Source: Own survey, 2023

As shown Table 4.8 above, 57% and 8.7% of respondents agree and strongly agree, respectively, that their managers provide recognition when they exceed expectations whereas 24.6% do not agree. 9.7% of the respondents remain neutral with a mean and SD of 2.50 and 0.920 respectively. Interviews on this subject revealed that ratings are misconceived as a source of potential gain or loss since they are related to merit increment, promotion or termination.

Achieving the goals stated in the development plan allows employees to keep abreast of changes in their field or profession. Accordingly, a respondent was asked whether there is a practice of using the performance assessment for personal development. The majority of the respondents either agree (43.5%) or strongly agree (5.8%) that there is a practice of using the performance assessment for personal development. 8.2% of the respondents remained neutral whereas 39.6% and 2.9% of the respondents disagree with a mean and SD of 2.90 and 1.084 respectively. This

finding has some similarity with the interview response, where concern is raised on the attention given for personal development.

Regarding whether performance assessment and review include future training and development plan, 68.6% of the respondents agree and 14.5% of the respondents strongly agree that it does where as 14% and 2.9% of respondents disagree and remain undecided, respectively. Regarding whether performance reviews are used for administrative purposes, such as determining bonuses and incentives, 72% of the respondents agree and 9.7% of the respondents strongly agree with a mean and SD of 2.16 and 0.843 respectively. Only 13% and 5.3% of respondents disagree and remain neutral, respectively.

Finally, 66.7% of the respondents are agree with the statement that EABSC existing performance management system contributes to improve employee efficiency where as 3.9% of respondents strongly agree with a mean and SD of 2.22 and 0.792 respectively. On the other hand, 9.2% and 15.9% of respondents remain neutral and disagree, respectively.

4.3.7. Employee Productivity

Productivity is defined as the relation of output (i.e. produced goods) to input (i.e. consumed resources). Productivity is therefore, closely connected to the use and availability of resources. This means, productivity decreases if a company's resources are not properly used or if resources are lacking. Higher productivity is achieved when activities and resources in the manufacturing transformation process add more value to the produced products. The opposite of productivity is represented by waste, which must be eliminated in order to improve productivity (Tangen, 2002, PP 1-2r). In line with this, this study explored the issue of employee productivity at EABSC. The responses are summerized in the table below.

Table 4.9: Employee Productivity Response

| Employee Productivity Response | | | | | | | | | | |
|--------------------------------|------------------------------|-------------|----------------|-------|---------|----------|-------------------|-------|------|---------------|
| No | Statement | Measurement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total | Mean | St. Deviation |
| 4. | I am successful in achieving | F | 19 | 141 | 16 | 31 | - | 207 | 2.43 | 0.928 |

| | | | | | | | | | | |
|----|--|---|------|------|------|------|-----|-----|------|-------|
| | my target output. | % | 9.2 | 68.1 | 7.7 | 15.0 | | 100 | | |
| 5. | I regularly deliver quality products/services | F | 9 | 132 | 21 | 43 | 2 | 207 | 2.52 | 0.891 |
| | | % | 4.3 | 63.8 | 10.1 | 20.8 | 1.0 | 100 | | |
| 6. | I used resources efficiently to reach my intended objectives | F | 18 | 135 | 13 | 38 | 3 | 207 | 2.35 | 0.874 |
| | | % | 8.7 | 65.2 | 6.3 | 18.4 | 1.4 | 100 | | |
| 7. | I regularly and punctually attend at work | F | 66 | 88 | 19 | 26 | 8 | 207 | 2.13 | 1.081 |
| | | % | 31.9 | 42.5 | 9.2 | 12.6 | 3.9 | 100 | | |

Source: Own survey, 2023

As can be seen in Table 4.9 above, 68.1% of respondents agree and 9.2% of respondents strongly agree that they achieve their work target with a mean and SD of 2.43 and 0.928 respectively, whereas 15% and 7.7% of respondents disagree and remain neutral, respectively. On the other hand, 68.3% of respondents agree and 4.3% disagree with the statement that they regularly deliver quality products or services with a mean and SD of 2.52 and 0.891 respectively. In a similar fashion, a total of 73.9% of respondents either agree (65.2%) or strongly agree (8.7%) with a mean and SD of 2.35 and 0.874 respectively, that they use working materials and equipment in a better and economical way. On the contrary, 20.8% respondents didn't agree. Finally, a total of 74.4% of respondents with a mean and SD of 2.13 and 1.081 respectively indicated that they attend work regularly and punctually while 13.1% respondents didn't agree with this statement.

4.4. Explanatory Correlation Analysis

4.4.1. Correlation Analysis

Correlation analysis is used to describe the strength and direction of the linear relationship between two variables. There are a number of different statistics available from SPSS, depending on the level of measurement and the nature of the data (Pallant, 2011, p.126). Correlation provides an indication that there is a relationship between two variables; it does not, however, indicate that one variable causes the other (Pallant, 2011, p.122). Pearson correlation coefficient reveals magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (−1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo & Festinger 2005)

This section discusses the results of the correlation analysis between factors included in this study.

Table 4.10: Correlation Analysis Matrix

| Correlations | | | | | | | | |
|---|---------------------|---|----------------------|----------------|------------------|------------------------|--------------------|--------------|
| | | Prerequisites of Performance Management | Performance Planning | Employee Input | Ongoing Feedback | Performance Evaluation | Performance Review | Productivity |
| Prerequisites of Performance Management | Pearson Correlation | 1 | .362** | .342** | .423** | .292** | .470** | .437** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Performance Planning | Pearson Correlation | .362** | 1 | .333** | .130 | .296** | .289** | .497** |
| | Sig. (2-tailed) | .000 | | .000 | .061 | .000 | .000 | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Employee Input | Pearson Correlation | .342** | .333** | 1 | .476** | -.003 | .402** | .576** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .962 | .000 | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Ongoing Feedback | Pearson Correlation | .423** | .130 | .476** | 1 | .220** | .612** | .622** |
| | Sig. (2-tailed) | .000 | .061 | .000 | | .001 | .000 | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Performance Evaluation | Pearson Correlation | .292** | .296** | -.003 | .220** | 1 | .376** | .574** |
| | Sig. (2-tailed) | .000 | .000 | .962 | .001 | | .000 | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Performance Review | Pearson Correlation | .470** | .289** | .402** | .612** | .376** | 1 | .768** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | | .000 |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |
| Productivity | Pearson Correlation | .437** | .497** | .576** | .622** | .574** | .768** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 | |
| | N | 207 | 207 | 207 | 207 | 207 | 207 | 207 |

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Own study (2023)

Prerequisites of Performance Management: The Pearson correlation coefficient measures the strength and direction of the linear relationship between two variables. A coefficient close to 1 indicates a strong positive correlation, while a coefficient close to -1 indicates a strong negative

correlation. A coefficient close to 0 suggests a weak or no linear relationship. In this analysis, all the correlation coefficients between prerequisites, performance planning, employee input, ongoing feedback, performance evaluation, performance review, and productivity are positive, indicating a positive linear relationship. The coefficients range from 0.292 to 0.470, suggesting moderate to strong positive correlations.

The obtained p-values for all the correlations are 0.00, indicating that the observed relationships are statistically significant. A p-value of 0.00 indicates that the probability of observing such a strong correlation by chance alone is extremely low. Therefore, we can reject the null hypothesis and conclude that the observed correlations are unlikely to be due to random variation.

These results suggest that there are significant positive relationships between prerequisites, performance planning, employee input, ongoing feedback, performance evaluation, performance review, and productivity at East Africa Bottling Share Company, although the size of the correlation is not strong (all below 0.5). The findings imply that improving prerequisites, enhancing performance planning, increasing employee input, providing ongoing feedback, conducting effective performance evaluations, and implementing performance reviews may positively impact productivity levels within the company.

Performance planning: The correlation coefficients for performance planning range from 0.130 to 0.497, indicating moderate positive correlations between Performance Planning and the other variables. All correlations, except for Performance Planning and Ongoing Feedback, are statistically significant with p-values less than 0.05. These findings suggest that Performance Planning has positive and significant relationships with Prerequisites, Employee Input, Performance Evaluation, Performance Review, and Productivity within the context of the study. However, the correlation between Performance Planning and Ongoing Feedback is relatively weaker and not statistically significant at the conventional significance level of 0.05 (p-value = 0.061).

Employee input: The correlations between Employee Input and all other variables, except Performance Evaluation, are statistically significant, as indicated by p-values less than 0.05. The correlation coefficients range from -0.003 to 0.576, suggesting various degrees of positive relationships between Employee Input and the other variables.

It is important to note that the correlation coefficient between Employee Input and Performance Evaluation is not statistically significant, as indicated by the high p-value of 0.962. This suggests that there is no significant linear relationship between these two variables in the sample. These findings suggest that Employee Input is positively and significantly correlated with Prerequisites, Performance Planning, Ongoing Feedback, Performance Review, and Productivity. However, there is no significant linear relationship between Employee Input and Performance Evaluation.

Ongoing feedback: The correlations between Ongoing Feedback and all other variables (Prerequisites, Performance Planning, Employee Input, Performance Evaluation, Performance Review, and Productivity) are statistically significant, except for the correlation with Performance Planning (p-value: 0.061). The correlation coefficients range from 0.130 to 0.622, indicating positive relationships between Ongoing Feedback and the other variables.

The highest correlation coefficient is observed between Ongoing Feedback and Productivity, with a value of 0.622. This suggests a strong positive relationship between Ongoing Feedback and Productivity. The correlations between Ongoing Feedback and Prerequisites, Employee Input, Performance Evaluation, and Performance Review are also statistically significant, with correlation coefficients ranging from 0.423 to 0.612. These findings suggest positive relationships between Ongoing Feedback and these variables.

Performance evaluation: The correlations between Performance Evaluation and all other variables (Prerequisites, Performance Planning, Employee Input, Ongoing Feedback, Performance Review, and Productivity) are statistically significant, except for the correlation with Employee Input (p-value: 0.962). The correlation coefficients range from -0.003 to 0.574, indicating both positive and weak negative relationships between Performance Evaluation and the other variables.

The highest correlation coefficient is observed between Performance Evaluation and Productivity, with a value of 0.574. This suggests a moderate positive relationship between Performance Evaluation and Productivity.

The correlations between Performance Evaluation and Prerequisites, Performance Planning, Ongoing Feedback, and Performance Review are also statistically significant, with correlation

coefficients ranging from 0.220 to 0.376. These findings suggest positive relationships between Performance Evaluation and these variables, although the correlations are weaker compared to the correlation with Productivity. It is important to note that the correlation coefficient between Performance Evaluation and Employee Input is close to zero (-0.003), indicating a weak and practically negligible relationship between these variables.

Performance review: The findings indicate positive correlations between all the factors and the Performance Review. Prerequisites, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Productivity show varying degrees of correlation with the Performance Review. Productivity shows the highest correlation coefficient (0.768) followed by Ongoing Feedback (0.612), Prerequisites (0.470), Performance Evaluation (0.402), Performance Planning (0.376), and Employee Input (0.289).

All correlation coefficients are statistically significant ($p < 0.001$), suggesting a strong relationship between the factors and the Performance Review. These findings imply that having solid prerequisites, effective performance planning, encouraging employee input, promoting ongoing feedback, conducting accurate performance evaluations are essential for a successful performance review process.

Productivity: The findings reveal positive correlations between all the factors and Productivity. Prerequisites, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review demonstrate varying degrees of correlation with Productivity. Performance review shows the highest correlation coefficient (0.768) followed by Ongoing Feedback (0.622), Performance Evaluation (0.576), Performance Planning (0.574), Employee Input (0.497), and Prerequisites (0.437). All correlation coefficients are statistically significant ($p < 0.001$), indicating a statistically significant relationship between the factors and Productivity. These results suggest that having well-established prerequisites, effective performance planning, encouraging employee input, promoting ongoing feedback, conducting accurate performance evaluations, and conducting thorough performance reviews are crucial for enhancing productivity in the organization.

It is important to note that correlation does not imply causation. Although the variables in this study are correlated, further research is needed to establish causal relationships and understand

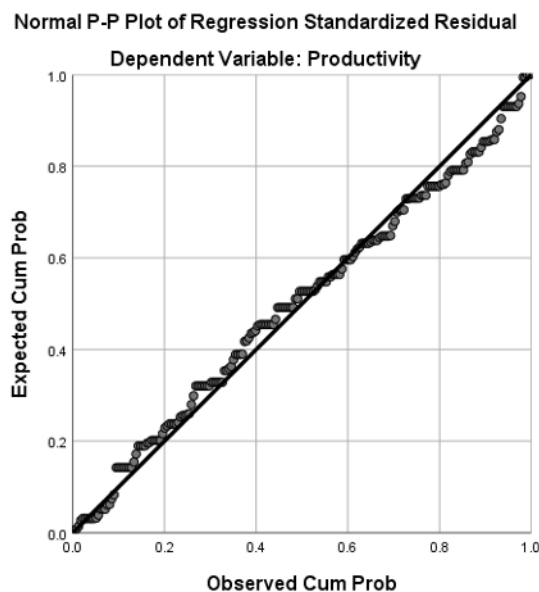
the underlying mechanisms. The significant correlations found in this analysis provide valuable insights for the management of East Africa Bottling Share Company. By understanding the relationships between these factors and productivity, the company can focus on areas that have the greatest potential for improvement, implement targeted interventions, and develop strategies to enhance productivity levels.

4.5. Regression Analysis

4.5.1. Testing Assumption

4.5.1.1. Normality of residuals

Figure 4.1. Plot model



Source: Own study (2023)

As can be seen in Figure 4.1, the standardized residuals closely follow the straight line, an indication that model residuals have a mean of zero and a constant variance. This shows that no major factor that explains the variability in productivity is left out of the analysis or the model. Also as can be seen in Figure 4.11, the Durbin-Watson statistic is 2.506, which assesses the presence of autocorrelation in the residuals. A value close to 2 suggests no significant autocorrelation.

4.5.1.2. Multicollinearity Tests

Multicollinearity tests: Collinearity statistics, such as tolerance and variance inflation factor (VIF), assess the multicollinearity between predictor variables. The results are summarized in the table 4.13.

Table 4.13: Multicollinearity Test

| Coefficients ^a | | | | | | | | |
|---------------------------|---|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1.035 | .106 | | 9.742 | .000 | | |
| | Prerequisites of Performance Management | .118 | .040 | .100 | 2.966 | .003 | .677 | 1.477 |
| | Performance Planning | .234 | .041 | .187 | 5.750 | .000 | .736 | 1.359 |
| | Employee Input | .280 | .032 | .309 | 8.882 | .000 | .641 | 1.561 |
| | Ongoing Feedback | .171 | .038 | .172 | 4.488 | .000 | .528 | 1.895 |
| | Performance Evaluation | .353 | .031 | .363 | 11.321 | .000 | .754 | 1.327 |
| | Performance Review | .465 | .046 | .395 | 10.156 | .000 | .512 | 1.952 |
| | | | | | | | | |

a. Dependent Variable: Productivity

The collinearity statistics provide information on the multicollinearity between the predictor variables. The tolerance values range from 0.512 to 0.754, indicating a moderate level of multicollinearity. The VIF values range from 1.327 to 1.952, which is below the threshold of 5, indicating no severe multicollinearity issues.

The constant term in the model has an unstandardized coefficient of 1.035 with a standard error of 0.106. This indicates that when all predictor variables are zero, the predicted value of the dependent variable is 1.035. The t-value is 9.742, which is highly significant ($p < .000$).

The predictor variables ("Prerequisites of Performance Management", "Performance Planning," "Employee Input," "Ongoing Feedback," "Performance Evaluation," and "Performance Review")

show significant effects on the dependent variable. Each variable has a positive unstandardized coefficient, indicating that an increase in these variables is associated with an increase in productivity. The standardized coefficients and t-values are also statistically significant for all variables ($p < .001$).

Overall, the results suggest that the predictor variables (Prerequisites, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review) have significant effects on the dependent variable. The model provides valuable insights into the relationships between these variables and can be used for predicting the dependent variable based on the regression coefficients.

4.5.2. Multiple Regression Analysis

The multiple regression analysis performed on the data collected examines the relationship between the predictor variable (Model) and the dependent variable. The key statistical measures include the correlation coefficient (R), coefficient of determination (R Square), adjusted coefficient of determination (Adjusted R Square), standard error of the estimate, and Durbin-Watson statistic.

Table 4.11: Regression Model Summary

| Model Summary^b | | | | | |
|--|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .919 ^a | .845 | .841 | .25272 | 2.506 |
| a. Predictors: (Constant), Performance Review, Performance Planning, Performance Evaluation, Employee Input, Prerequisites, Ongoing Feedback | | | | | |
| b. Dependent Variable: Productivity | | | | | |

The results of the analysis in Table 4.11 reveal strong positive correlation between the predictor variables (Performance Review, Performance Planning, Performance Evaluation, Employee Input, Prerequisites, Ongoing Feedback) and the dependent variable (productivity). The correlation coefficient (R) is 0.919, indicating a high degree of association between the variables. This further supports this relationship, with a value of 0.845. This means that approximately 84.5% of the variability in the dependent variable can be accounted for by the predictor variable. The adjusted

coefficient of determination (Adjusted R Square) is 0.841, which considers the number of predictors in the model and provides a more accurate estimate of the explained variance.

The standard error of the estimate is 0.25272, representing the average distance between the observed data points and the predicted values by the model. This indicates the level of accuracy of the model's predictions.

Overall, the regression model demonstrates a strong and significant relationship between the predictor variables (Model) and the dependent variable. The high R Square value indicates that the predictor variable accounts for a substantial portion of the variability in the dependent variable. The model's predictions have a relatively low standard error of the estimate, suggesting good predictive accuracy. These findings imply that the predictor variables have significant impact on the dependent variable (productivity). This could also be confirmed with the results of the analysis of variance.

Analysis of variance: The analysis of variance (ANOVA) examines the relationship between the predictor variables (Performance Review, Performance Planning, Performance Evaluation, Employee Input, Prerequisites, Ongoing Feedback) and the dependent variable (productivity). The result is summerized in the table below.

Table 4.12: ANOVA

| ANOVA ^a | | | | | | |
|--|------------|----------------|-----|-------------|---------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 69.721 | 6 | 11.620 | 181.937 | .000 ^b |
| | Residual | 12.774 | 200 | .064 | | |
| | Total | 82.495 | 206 | | | |
| a. Dependent Variable: Productivity | | | | | | |
| b. Predictors: (Constant), Performance Review, Performance Planning, Performance Evaluation, Employee Input, Prerequisites, Ongoing Feedback | | | | | | |

The results of ANOVA show that the regression model accounts for a significant amount of the variability in the dependent variable. The F-statistic is 181.937, suggesting a significant relationship between the predictor variables and productiivity. The associated significance level (Sig.) is reported as .000b, which indicates a highly significant relationship between the variables. Overall, the ANOVA results indicate that the regression model is a good fit for the data, as evidenced by the highly significant F-statistic.

These findings suggest that the predictor variables (Model) has a significant impact on productivity. This information can utilized to understand and predict the behavior or outcome associated with the productivity based on the regression model.

Model Coefficients: The regression analysis performed on the data collected is aimed to examine the relationships between several predictor variables and a dependent variable (i.e. productivity). The unstandardized coefficients represent the estimated impact of each predictor variable on the dependent variable, while the standardized coefficients (betas) indicate the relative importance of each predictor variable when considering their standard deviations.

Table 4.15: Model and Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.035 | .106 | | 9.742 | .000 |
| | Prerequisites of Performance Management | .118 | .040 | .100 | 2.966 | .003 |
| | Performance Planning | .234 | .041 | .187 | 5.750 | .000 |
| | Employee Input | .280 | .032 | .309 | 8.882 | .000 |
| | Ongoing Feedback | .171 | .038 | .172 | 4.488 | .000 |
| | Performance Evaluation | .353 | .031 | .363 | 11.321 | .000 |
| | Performance Review | .465 | .046 | .395 | 10.156 | .000 |

The constant term in the regression equation has an unstandardized coefficient of 1.035, indicating that when all predictor variables (Prerequisites of Performance Management, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review) are zero, productivity is estimated to be 1.035. The t-value of 9.742 and a significant p-value of 0.000 suggest that the constant term is statistically significant.

A prerequisite of performance management has a positive relationship with the dependent variable. An increase of one unit in prerequisite of performance management is associated with an estimated increase of 0.118 units in productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.100 indicates a small effect size. The t-value of 2.966 and a significant p-value of 0.003 suggest a statistically significant relationship.

Performance Planning has a positive relationship with the dependent variable. An increase of one unit in Performance Planning is associated with an estimated increase of 0.234 units in productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.187 suggests a moderate effect size. The t-value of 5.750 and a significant p-value of 0.000 indicate a statistically significant relationship.

Employee Input also shows a positive relationship with productivity. An increase of one unit in Employee Input corresponds to an estimated increase of 0.280 units in productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.309 suggests a relatively large effect size. The t-value of 8.882 and a significant p-value of 0.000 indicate a statistically significant relationship.

Ongoing Feedback demonstrates a positive relationship with productivity. A one-unit increase in Ongoing Feedback corresponds to an estimated increase of 0.171 units in productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.172 indicates a small effect size. The t-value of 4.488 and a significant p-value of 0.000 suggest a statistically significant relationship.

Performance Evaluation exhibits a positive relationship with productivity. A one-unit increase in Performance Evaluation corresponds to an estimated increase of 0.353 units productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.363 indicates a relatively large effect size. The t-value of 11.321 and a significant p-value of 0.000 suggest a statistically significant relationship.

Performance Review also demonstrates a positive relationship with productivity. A one-unit increase in Performance Review corresponds to an estimated increase of 0.465 units in productivity (unstandardized coefficient). The standardized coefficient (beta) of 0.395 indicates a relatively large effect size. The t-value of 10.156 and a significant p-value of 0.000 suggest a statistically significant relationship.

4.5.3. Summary of Hypotheses Test Results

Based on the multiple regression analysis results, the following conclusions can be made for each of the alternative hypothesis tested.

Hypothesis 1: Prerequisites of Performance Management have statistically significant but practically small effect on employee productivity (with a p-value of 0.003)

Hypothesis 2: Performance Planning has a statistically significant effect on employee productivity (with a p-value of 0.000)

Hypothesis 3: Ongoing Feedback has a statistically significant effect on employee productivity (with a p-value of 0.000)

Hypothesis 4: Employee Input has a statistically significant effect on employee productivity (with a p-value of 0.000)

Hypothesis 5: Performance Evaluation has a statistically significant effect on employee productivity (with a p-value of 0.000)

Hypothesis 6: Performance Review has a statistically significant effect on employee productivity (with a p-value of 0.000)

Overall, the results of the hypothesis tests indicate that Prerequisites of Performance Management, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review have significant relationships with productivity at EABSC. These variables collectively explain and contribute to the variability of the productivity in the regression model.

4.6. Discussion

This chapter contains the analysis of data in answering the study objectives. The main purpose of this study was to assess whether existing performance management practices of EABSC affect employee productivity or not. To this end, the current performance management practice in this company was examined in view of the performance management conceptual framework and literature. In order to explore all the necessary information that best describes the practice of the current performance management, descriptive survey research design was applied using qualitative and quantitative approach.

The first objective was to examine nature of linkage between EABSC's strategic direction and the required employee performance. To achieve this purpose, the basic questions raised whether staff have knowledge of the prerequisites of performance management in terms of understanding the mission, strategy, objectives, and alignment with that of individual goals and clear understanding of individual job responsibilities and what is expected from them.

The researcher assessed whether staff have knowledge of the company's overall mission and objectives as one of performance prerequisite. Based on the assessment result, there exists knowledge of the prerequisites of performance management in terms of understanding the mission, strategy, objectives and alignment with that of individual goals and also clear understanding of individual job responsibilities. The findings suggest that the prerequisites of performance management, including understanding, participation, and alignment are not adequately met at EABSC, indicating a need for improvement in aligning the performance system with the company strategy. In addition, it can be concluded that staff are provided with orientation and managers also assist them to easily understand performance management process. There is involvement of employees in performance planning stage; however, there is skill gap in goal setting process.

The second objective was to examine the existing performance management practice of EABSC. The purpose of the study is to assess current performance management practice in the Company. To achieve this purpose, the basic questions raised were: How does the company currently

practice performance management process components (i.e. Pre-requisites of Performance Management, Performance Planning, Ongoing feedback, Employee Input, performance evaluation and performance review)? To answer these questions, both quantitative and qualitative data from primary sources were collected using research instruments such as structured questionnaire, interview guide.

Based on the assessment result shows, the respondents in the study have expressed more of their agreement than their disagreement on a reasonable number of items considered for measuring the current practice of performance management (i.e. performance planning, Ongoing feedback, Employee Input, Performance Evaluation and performance review). However, the prerequisites of performance management are not clearly met at EABSC regarding alignment of company's objectives into individual job objectives.

The performance management system is formally performed two times annually during agreement, mid-year review and end-year review. Before employees are given their duties and responsibilities in the EABSC in general, and in each department or division, the concerned officials in the Company have done job analyses. Accordingly, these employees have clear knowledge about their assigned jobs and about their jobs they are performing in the Company and they clearly know what expected from them. Generally, these performance management pre-requisites are put in place in the Company, but not that much in their visible forms and practices.

The third objective was to assess the effect of performance management practices (prerequisites of performance management, performance planning, employee input, ongoing feedback, performance evaluation, and performance review) on employee productivity at EABSC. The regression coefficients shed light on the specific effects of different factors on productivity all factors (Prerequisite of Performance management, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review) demonstrate positive and statistically significant effects on productivity, with varying effect sizes.

The fourth objective was to examine the key factor that influences the effectiveness of performance management system in the Company. Findings indicate that performance review has the largest effect on productivity, with a standardized coefficient (beta) of 0.395. This

suggests that a strong and positive relationship exists between Performance Review and productivity, indicating its significant impact on enhancing employee performance. The high determination coefficient (R^2) of 0.84 indicates that 84% of the variability in productivity can be attributed to the factors considered in the study. This signifies a strong relationship between the performance management system and productivity.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents major findings regarding the study's objectives, conclusions, and recommendations.

5.1. Summary of the Major Findings and Analysis Results

This study examined various factors associated with employee productivity at EABSC. These factors include prerequisites of Performance Management, performance planning, employee input, ongoing feedback, performance evaluation, and performance review. Major findings regarding these factors are summarized in this section below.

- A majority of respondents have a clear understanding of EABSC's mission statements (54.6%), but there is room for improvement as a significant proportion expressed a neutral or negative view (34.8%).
- While a substantial number of respondents (53.6%) reported positive experiences, a notable proportion (38%) had a neutral or negative perspective, indicating a need for better alignment and communication in this process.
- Almost half of the respondents (49.3%) perceived alignment between individual and organizational objectives, but a significant portion (43.5%) had a neutral or negative view, emphasizing the importance of further aligning these practices.
- Over half of the respondents (51.7%) understood how their job relates to EABSC's mission, but a considerable proportion (43.5%) expressed a neutral or negative view, highlighting the need for improved clarity and communication.
- The majority of respondents had positive feedback regarding performance management planning, indicating strong alignment between individual and organizational objectives.
- Employees have the opportunity for self-assessment and involvement in the performance management process, fostering a sense of empowerment and engagement.

- There is a level of agreement between supervisors and employees regarding performance measurement, with coaching and future improvement being valued.
- Effective personal recognition, development opportunities, training incorporation, and reward linkage are perceived positively during performance review meetings.
- Employees have a positive perception of their performance in terms of target achievement, quality delivery, resource efficiency, and attendance, reflecting their strong work ethic and commitment.

Overall, while there are positive aspects in the performance a management practice at EABSC, there is room for improvement in areas such as mission understanding, goal setting discussions, alignment of performance management practices, job-related clarity, and addressing neutral or negative views. These findings provide valuable insights for enhancing the performance management system and improving overall productivity.

5.2. *Summary of Major Findings from Correlation Analysis*

This study examined correlation between prerequisites, performance planning, employee input, ongoing feedback, performance evaluation, performance review, and productivity. Major findings regarding these factors are summarized in this section below.

- Prerequisites: Positive correlations exist between prerequisites, performance planning, employee input, ongoing feedback, performance evaluation, performance review, and productivity, indicating a positive linear relationship.
- Performance Planning: Moderate positive correlations are observed between performance planning and other variables, with statistically significant relationships except for ongoing feedback.
- Employee Input: Positive and significant correlations are found between employee input and prerequisites, performance planning, ongoing feedback, performance review, and productivity, except for performance evaluation.

- Ongoing Feedback: Positive relationships exist between ongoing feedback and other variables, with statistically significant correlations except for performance planning.
- Performance Evaluation: Positive correlations are observed between performance evaluation and prerequisites, performance planning, ongoing feedback, and performance review, but no significant relationship with employee input.
- Performance Review: Positive correlations are found between performance review and all factors, with productivity showing the highest correlation coefficient.
- Productivity: Positive correlations are found between productivity and all factors, with performance review showing the highest correlation coefficient.

It is important to note that correlation does not imply causation. The significant correlations found in this analysis provide valuable insights for the management of East Africa Bottling Share Company. By understanding the relationships between these factors and productivity, the company can focus on areas that have the greatest potential for improvement, implement targeted interventions, and develop strategies to enhance productivity levels.

5.3. *Summary of Major Findings from Multiple Regression Analysis*

The research analysis investigates the impact of performance management systems on employee productivity at East Africa Bottling Company. Statistical measures such as determination coefficient (R^2), ANOVA F-test, and regression coefficients are used to assess the strength, significance, and direction of relationships. Major findings regarding these factors are summarized in this section below:

- The multiple linear regression analysis reveals that 84% of the variability in productivity can be explained by the performance management system.
- The extremely low p-value of 0.000 for the ANOVA F-test supports the hypothesis that the observed relationships are not due to chance.
- Prerequisites of Performance Management have a statistically significant but small effect on productivity, indicating a lack of alignment with performance goals.

- Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review have positive and statistically significant effects on productivity.
- Performance Planning and Ongoing Feedback have relatively moderate effect sizes, while Employee Input, Performance Evaluation, and Performance Review have relatively larger effect sizes.
- The results highlight the importance of effective performance management systems in improving employee productivity at East Africa Bottling Company.

Overall, the findings of this research provide valuable insights into the factors influencing productivity within East Africa Bottling Share Company. The results highlight the significance of performance planning, employee input, ongoing feedback, performance evaluation, and performance review in driving productivity. It is important to note that while these findings are based on the data and analysis conducted, further research and analysis may be required to validate and generalize these conclusions to other contexts.

5.4. Conclusions

The research findings indicate that there are challenges in aligning the performance management systems with EABSC's strategy. A significant percentage of respondents lack a clear understanding of the company's mission, strategy, and objectives, with only 43% agreeing and 11.6% strongly agreeing. This lack of clarity may have implications for employee productivity. In terms of goal setting, while about half of the respondents participate in the process, a considerable number disagree or strongly disagree. Similarly, when it comes to performance management practices, there is a lack of consensus regarding the alignment of objectives with the company's goals. Additionally, a significant number of respondents expressed disagreement that their jobs were aligned with the company's objectives, despite having clear knowledge of their job responsibilities. These findings suggest that the prerequisites of performance management, including understanding, participation, and alignment, are not adequately met at EABSC, indicating a need for improvement in aligning the performance management systems with the organization's strategy.

The data collected from EABSC and the analysis performed reveal important findings regarding the impact of performance management systems on employee productivity at the company. The high determination coefficient (R^2) of 0.84 indicates that 84% of the variability in productivity can be attributed to the factors considered in the study. This signifies a strong overall relationship between the performance management system and productivity. The ANOVA F-test, with an extremely low p-value of 0.000, provides robust evidence that the observed relationships are not due to chance.

The regression coefficients further shed light on the specific effects of different factors on productivity. All factors (Prerequisites of Performance Management, Performance Planning, Employee Input, Ongoing Feedback, Performance Evaluation, and Performance Review) demonstrate positive and statistically significant effects on productivity, with varying effect sizes. Performance Review has the largest effect on productivity, with a standardized coefficient (beta) of 0.395. This suggests that a strong and positive relationship exists between Performance Review and productivity, indicating its significant impact on enhancing employee performance. Prerequisites of Performance Management show a small effect (0.100), indicating a lack of alignment with performance goals.

These findings emphasize the importance of aligning performance goals with organizational objectives, providing effective performance planning, fostering employee input and feedback, and conducting thorough performance evaluations and reviews. It is important to acknowledge that further research and analysis may be necessary to validate and extend these conclusions to other contexts.

The findings have practical implications for the management and decision-makers at East Africa Bottling Share Company. By focusing on performance planning, employee input, ongoing feedback, performance evaluation, and performance review, the company can implement strategies and interventions to improve employee productivity. It should also examine the reasons prerequisite factors (such as knowledge of the company's mission and objectives) are not translating to individual productivity and implement measures to make better alignment between prerequisites and other factors such as performance planning, and especially performance evaluation and performance review that have the greatest impact on productivity.

It is important to acknowledge the limitations of this analysis, including potential unmeasured variables and the specific context of East Africa Bottling Company. The study does not include how well company's mission and objectives are translated to each division's and even employee's performance plan. Future research should explore this issue and the reason Prerequisite of Performance Management factors do not contribute to productivity sufficiently and with larger effect size along with additional variables. Further research and analyses is also needed to gain a deeper understanding of the complex relationships affecting productivity at EABSC.

5.5. *Recommendations*

Based on the major findings and the results of multiple regression analysis on the relationship between various factors and productivity at EABSC, the following recommendations are made:

1. **Strengthen Alignment of Prerequisite Factors:** Address the small effect of Prerequisite of Performance Management factors on productivity by ensuring better alignment between the company's mission, objectives, and performance goals. This can be achieved through clearer communication, goal-setting processes, and employee understanding of how their work contributes to organizational objectives.
2. **Enhance Performance Planning:** Given its positive and moderate effect on productivity, further improve performance planning processes. This can involve setting clear and challenging performance goals, providing employees with the necessary resources and support to achieve those goals, and establishing a timeline for monitoring progress.
3. **Foster Employee Input and Engagement:** Recognize the significant positive effect of employee input on productivity and encourage a culture of employee involvement. Create channels for employees to contribute their ideas, suggestions, and feedback, ensuring their voices are heard and valued. This can lead to increased motivation, ownership, and innovative thinking.
4. **Emphasize Ongoing Feedback:** While ongoing feedback has a relatively small effect on productivity, its positive impact should not be overlooked. Encourage regular and constructive feedback between supervisors and employees, promoting continuous

improvement and learning. Provide training and guidance to supervisors on delivering effective feedback and coaching.

5. Strengthen Performance Evaluation and Review: Capitalize on the positive and significant effects of performance evaluation and performance review on productivity. Ensure that the evaluation process is fair, transparent, and based on well-defined criteria. Develop robust performance review practices that provide employees with meaningful feedback, recognition of their achievements, and opportunities for growth and development.

It is important to consider the specific organizational context at EABSC and tailor these recommendations accordingly to the company. Additionally, conducting further research and analysis, as mentioned in the study, can help validate and generalize these conclusions to other settings and industries.

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Appendix
St. Mary's University
College of Business and Economics
School of graduate studies

Dear Respondent,

This questionnaire is intended to collect primary data to be used for a thesis entitled in “The Effect Of Employee Performance Management Practices On Employee Productivity: The Case of East Africa Bottling Share Company (EABSC)” in partial fulfillment of requirement for Masters of Arts Degree in Business Administration by the College of Business and Economics at St. Mary's University. The research is for academic purposes only, and any information you provide will be kept strictly confidential. As a result, I respectfully request that you complete the questionnaire truthfully and precisely. The study's overall reliability is determined by the quality of the information you provide.

I'd like to express my heartfelt appreciation and heartfelt gratitude in advance for sparing your valuable time as well as providing honest and prompt responses to the questionnaire.

Part I. Demographic and Other Information

1. Gender a) Male b), Female
2. Age
a) 18-28 b) 29-39 c) 40-50 d) Over 50
3. Educational Qualification
a) Certificate /Diploma b) BA/BSc c) MA/MSc d)PHD
4. How long have you been employed by EABSC?
a) Less than 2 years b) 2-5 years c) 5-10 years d) 10 years and/or more

Part II. Opinion Survey on performance Management

Direction:- The questionnaire is designed based on 5 point Likert scale. Please put a tick mark on the the following statements based on your level of agreement.

Prerequisites of Performance Management

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| I have clear understanding of EABSC's mission statements. | | | | | |
| In EABSC goal setting is carried out with the discussion between the employee and the supervisor | | | | | |
| EABSC performance management practice aligned individuals objectives to that of the EABSC's overall objectives | | | | | |
| I have a clear understanding of how my job related to the overall EABSC's mission. | | | | | |
| I am clear about what my job responsibilities are and what is expected from me. | | | | | |

Performance planning

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| EABSC performance management planning begins with identifying the organization's objectives. | | | | | |
| It is possible to say that the EABSC performance management process translates company's objectives into individual job objectives | | | | | |
| I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my result and behavior. | | | | | |
| I reach an agreement with my supervisor on how my performance is measured | | | | | |

Ongoing feedback

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Feedback is provided Based on performance assessment | | | | | |
| Apart from performance review, there is an ongoing basis of feedback systems from supervisor | | | | | |
| The feedback is helpful in increasing my efficiency | | | | | |
| I'm always informed about any change made in my initial performance target by my supervisor | | | | | |

Employee Input

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|----------------|-------|---------|----------|-------------------|
| Chance is given to the employee to assess their performance against performance standard. | | | | | |
| My inputs have value in the performance management process, and I am involved in it. | | | | | |

Performance Evaluation

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|----------------|-------|---------|----------|-------------------|
| Performance is measured based on the agreement reached with the supervisor and employee | | | | | |
| Performance is rated based on the standards already established | | | | | |
| Supervisors provide the required coaching based on the performance assessment result | | | | | |
| Performance assessment contributes to enhance future performance result | | | | | |

Performance Review

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Effective personal recognition is provided during review meeting. | | | | | |
| There is a practice of using the performance assessment for personal development | | | | | |
| The performance assessment and review incorporate future training. | | | | | |
| Performance assessment result is linked to reward or provides basis for payment decision (such as bonuses and incentives). | | | | | |
| EABSC existing performance management system contributes to improve employee efficiency | | | | | |

Part III. Opinion Survey on Employee productivity

Employee productivity

| Statements | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| I am successful in achieving my target output. | | | | | |
| I regularly deliver quality products/services | | | | | |
| I used resources efficiently to reach my intended objectives | | | | | |
| I regularly and punctual attend at work | | | | | |

Comments (if any) _____

Thank you for your participation!

Interview guides

1. What is the Company performance management policy
2. Does all staff of under your responsibility informed about the alignment of strategic planning, objective/goals, vision, mission, of the Company?
3. Specific job performed by an individuals' is linked with the strategic objective of the Company? How?
4. What is the performance management process of the Company?
5. How frequently are performance evaluations conducted for employees?
6. How often should you have one-on-one meetings with employees?
7. What is the purpose of performance management system within the company?
8. Does performance appraisal method influence positively individual performance at EABSC?
9. Does a performance appraisal goal affect employee performance at EABSC? How?
10. Any suggestion to improve performance management practice of EABSC?